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

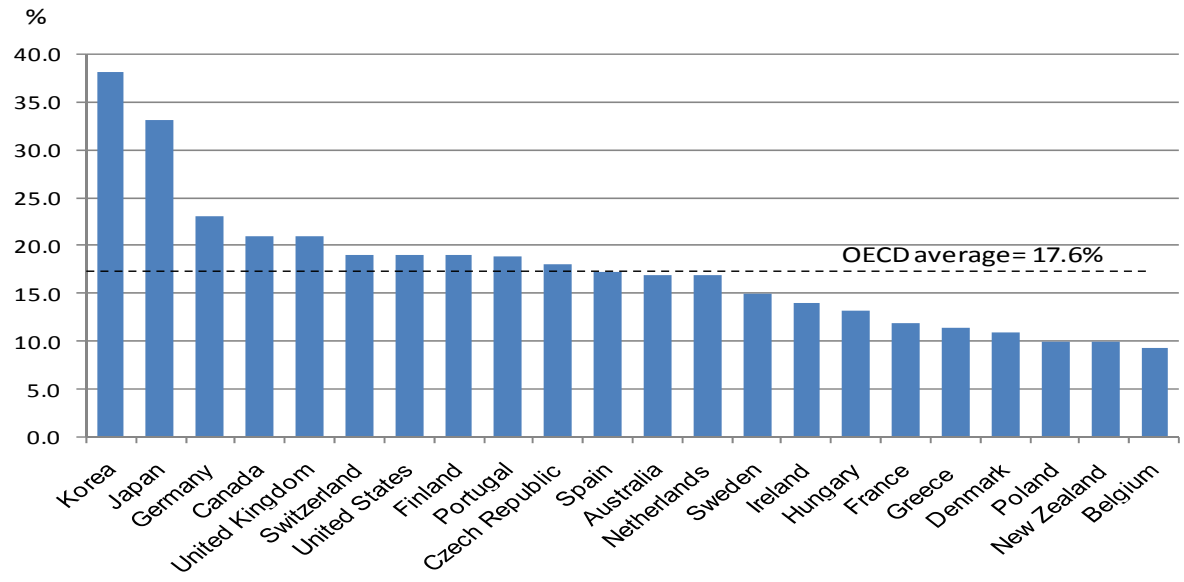
Definitions and methodology

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 and Chart LMF1.5.B shows the gender gap in earning at the lower (20th percentile) and higher (80th percentile) points in earnings distribution. Charts LMF1.5.A and LMF1.5.B show that gender pay gaps are largest in Asian OECD countries (Japan, Korea), particularly among workers with higher earnings. Gender pay gaps are smallest in Belgium, Denmark, France, Greece, Poland, Portugal, and New Zealand.

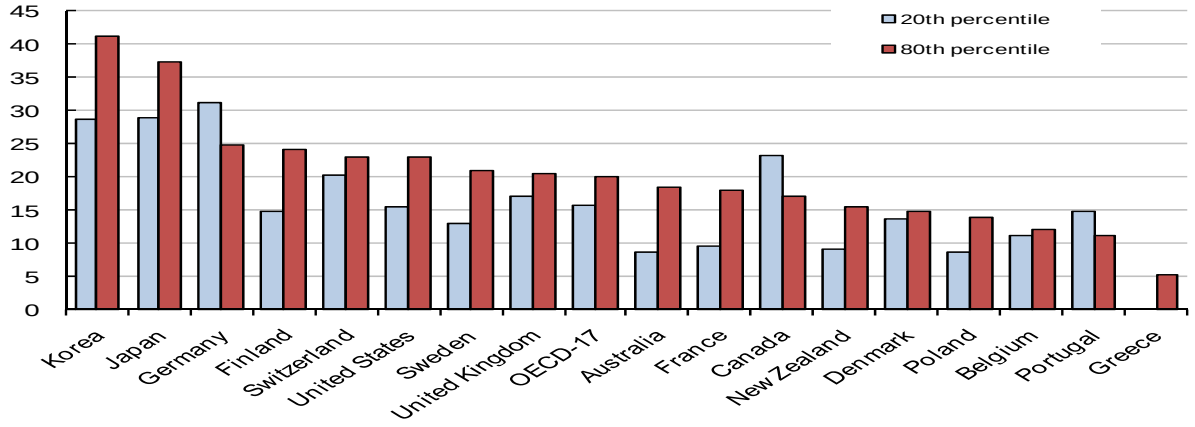
Chart LMF1.5.A: Gender gap in median earnings of full-time employees, 2006 or latest year available[1]



Countries are ranked, in decreasing order of the gender wage gap.
1) Data refer to 2003 (instead of 2006) for Belgium, Portugal and Greece; 2004 for Poland and Sweden; and to 2005 for Finland, France, Germany and the Netherlands.
Source: OECD Earnings database

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.

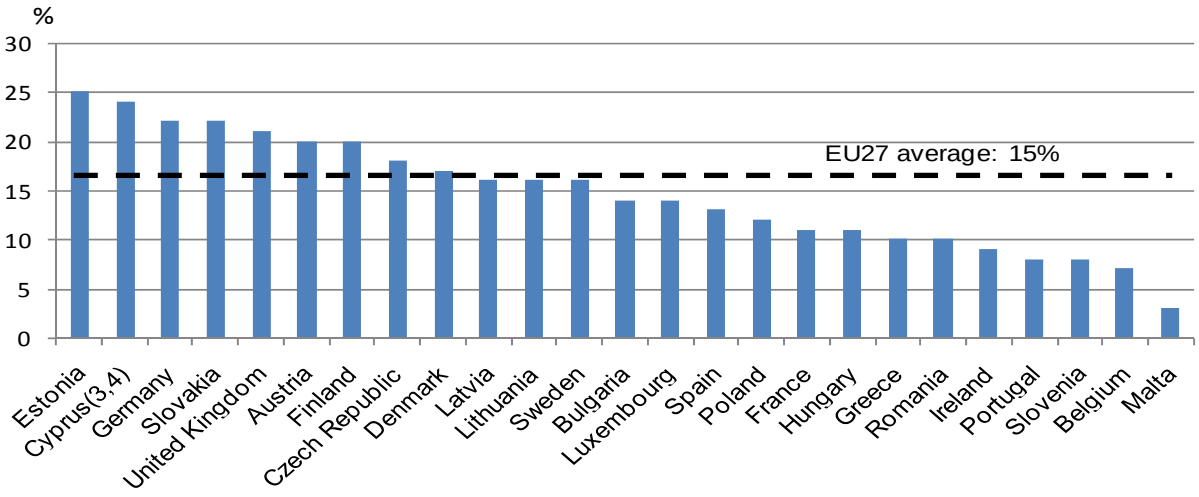
Chart LMF1.5.B: Gender gap in full-time earnings at the top and bottom of the earnings distribution, 2006 or latest year available[1]



Countries are ranked in decreasing order of the gender wage gap for top earnings.
1) 2005 for Australia, Denmark, France, Germany and the United States; 2004 for Finland, Switzerland, Sweden and Poland; 2003 for Belgium, Greece and Portugal.
Source: OECD Earnings database

Chart LMF1.5.C considers for some European countries the difference between *average* gross hourly earnings of male paid employees and of female paid employed as a percentage of average gross hourly earnings of male paid employees, for employees aged 15-64 who work more than 15 per week (thus not considering small part-time earnings). Again (see above), Belgium, France and Portugal are among the countries with limited pay gaps, but results for Denmark are now closer to average. Charts LMF1.1 to LMF1.3 all report a relative wide gender pay gap for Germany.

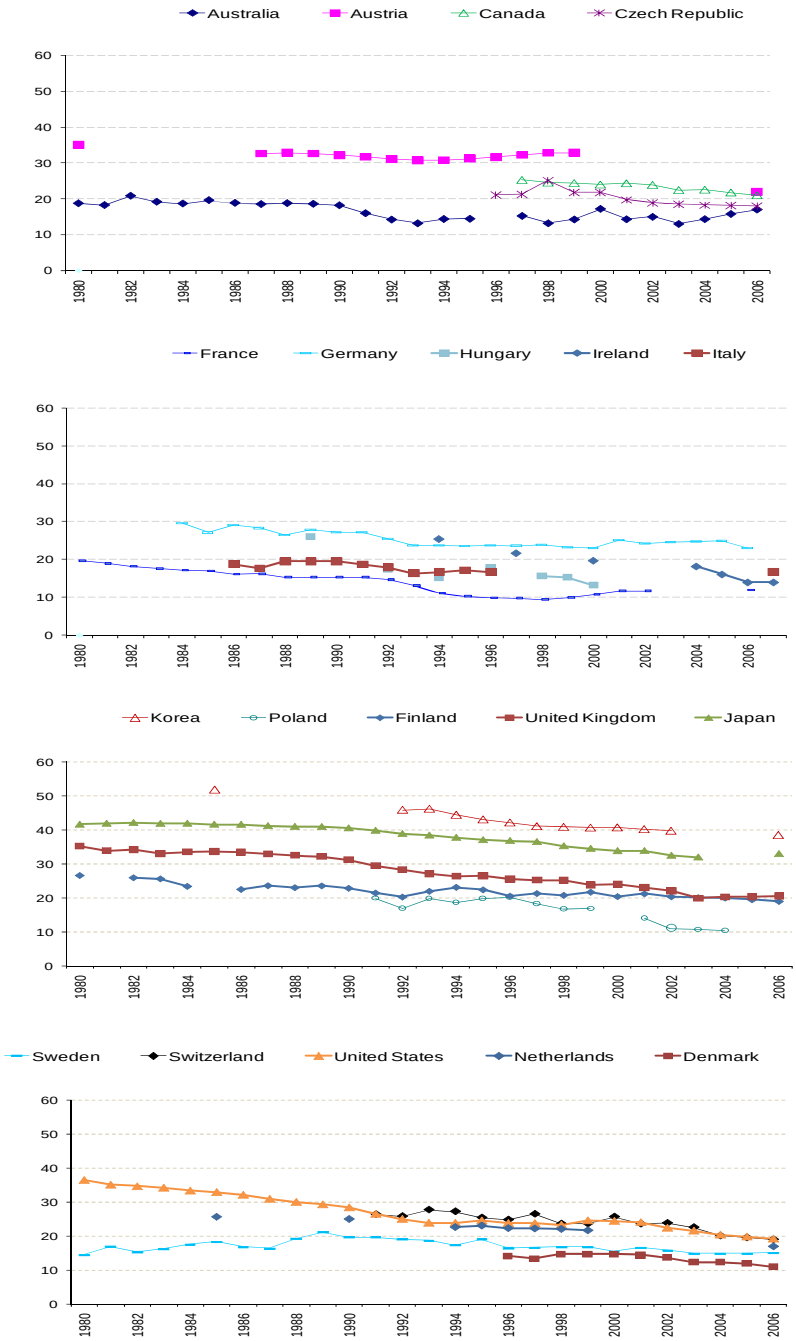
Chart LMF1.5.C: Gender gap in average earnings of employees, 2006 or latest year available[1]
Employees working at least 15 hours a week[2]



1) Data refer to 2000 for Estonia
2) The target population consists if all paid-employees aged 16-64 that are at work 15 hours per week or more.
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: EU Survey on Income and Living Conditions and national sources, 2006.

Data on trends in gender gaps from 1980 to 2006 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. The biggest gains have been made in Ireland and the Netherlands; both these countries have experiences a sharp increase in female labour force participation, which appears to have contributed to smaller pay differences between men and women.

Chart LMF1.5.C: Trends in gender wage gap in median earnings of full-time employees, 1980 to 2006



Source: OECD Earnings database

Pay differences between men and women with higher levels of educational attainment (a university degree for example) are usually smaller than for low-skilled workers. For most countries, this gap is also reducing over time as can be seen by the age cohorts presented in table LMF1.5.A. Female earnings are presented here as a percentage of male earnings by different educational levels and two different age cohorts of 30-44 years of age and 55-64 years of age. A percentage score of over 100 means that female earnings are higher than earnings of their male counterparts.

Table LMF1.5.A: Average annual earnings of females as a percentage of males by level of educational attainment and age-cohort, 2004 or latest year available

		Below upper secondary education		Upper Secondary		University		All levels of education	
		30-44	55-64	30-44	55-64	30-44	55-64	30-44	55-64
Australia	2001	59	61	59	60	64	61	62	60
Belgium	2003	67	63	72	69	77	72	75	66
Canada	2003	53	52	58	57	63	61	63	58
Czech Republic	2004	68	76	75	90	62	74	69	82
Denmark	2003	72	70	70	71	65	63	71	68
Finland	2003	71	78	68	78	66	72	71	73
France	2004	69	65	74	70	68	67	74	64
Germany	2004	49	56	59	49	61	62	57	53
Hungary	2004	87	90	90	104	67	79	87	86
Ireland	2002	49	41	58	52	61	65	63	53
Italy	2002	69	72	65	59	71	41	73	58
Korea	2003	49	45	44	52	76	62	51	37
Luxembourg	2002	79	83	92	71	78	131	84	56
Netherlands	2002	51	47	60	47	m	m	62	50
New Zealand	2004	68	59	61	62	61	63	62	60
Norway	2003	62	64	63	65	65	64	66	63
Poland	2004	70	72	75	95	66	74	81	87
Spain	2004	64	57	68	67	76	74	75	65
Sweden	2003	73	76	72	72	66	68	72	74
Switzerland	2004	56	47	49	55	60	56	51	49
United Kingdom	2004	51	49	52	56	64	60	57	54
United States	2004	62	58	62	61	60	57	63	57

Source: OECD Education at a Glance, 2006

Gaps in earnings between the sexes in most countries tend to be smaller at the lower income levels; this reflects the influence of legislated minimum wages and workplace agreements to protect low-income workers. Compared to men, the majority of women tend to be employed in a few sectors/occupations where earnings are relatively low (LMF1.6). For example, women typically work more in the public sector where earnings are often lower than in the private sector.

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 earnings 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 dare 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.

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 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.

This measure does not take into account differences in the number of hours worked by full-time employees. In comparison, gender pay gap estimates from EU-SILC are based on the population of employees aged 16-64 that are at work 15 hour per week or more at the time of the survey. This restriction is likely to contribute to lower estimates of the gender pay gap, as illustrated in Table LMF1.5.B.

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

	EU-SILC 2006	OECD earnings data	year for OECD data
Austria	20	27	2005
Czech Republic	18	25	2006
Denmark	17	15	2005
Finland	20	22	2004
France	11	19	2005
Germany	22	27	2005
Hungary	11	12	2006
Netherlands	:	20	2005
Poland	12	16	2004
Spain	13	21	2002
Sweden	16	20	2004
United Kingdom	21	23	2006

Sources and further reading: *Employment Outlook* (2006) *OECD,* the annual edition of *OECD Labour Force Statistics,* 1985-2005;*OECD Earning database, OECD Society at a Glance* (2006) and *OECD Education at a Glance* (2006).