



Why is there a gender pay gap?

The gender pay gap refers to the difference in average earnings of men and women. This fact sheet outlines the range of factors that have contributed to the existence of the gender pay gap.

Why does the gender pay gap exist?

Many social, historical and labour market factors have contributed to the gender pay gap. The key factors contributing to women earning less than men are:

- Few permanent part time jobs and a lack of flexible working arrangements that restrict the ability of employees to combine quality employment and family care responsibilities and has an impact on their current and future earnings. This applies to all employees, but more often affects women who have dependant children.
- Women are over-represented in casual or non-career part time jobs. These types of jobs are often paid lower wage rates and provide fewer opportunities for training, development and career progression.
- Men and women still tend to work in different areas of the workforce and be clustered into separate occupations and industries. Those industries and occupations that are female dominated have traditionally been undervalued with 'men's work' paid more than 'women's work'.

These factors are discussed in greater detail below.

Unsupportive working arrangements

A lack of permanent part time jobs and flexible working arrangements restricts the ability to combine quality employment and family care responsibilities. This means women with children or other caring responsibilities are less able to participate in the paid workforce. This in turn can significantly reduce women's earning potential both in the short term and longer term, as well as their capacity to accrue superannuation and retirement savings.

Women may be forced to 'choose' the flexibility of lower paying part time or casual work, or not seek career advancement because of caring responsibilities. Often there are fewer opportunities for training and career development in part time or casual employment or in industries where these types of employment are widespread.

The adoption by many organisations of flexible working arrangements that support greater work life balance for all employees, including those with families, will assist women in maximising their workforce participation and career progression.



Over representation of women in casual and non-career part time employment

There is a greater predominance of women than men employed on a casual basis. This type of employment is associated with a lower overall level of wages and in recent years the gap between part time/casual and full time average hourly earnings has been increasing. Full time employees are more likely to be paid above the award or minimum wage rate and more likely to be covered by an enterprise agreement. This trend has major negative implications for the current and long term gender pay gap¹.

Fortunately in recent years there has been significant growth in 'quality' part time employment. This is secure part time work with equitable status, pay and working arrangements. Further growth in this area should help reduce the gender pay gap and provide employees with greater opportunities to work part time for family or other lifestyle reasons. People who have quality part time jobs have a similar job content and status as full-timers; they are encouraged to participate in training, career and professional development programs; and they feel confident in applying for promotion.

Sex segregated labour market

Australia has a highly sex segregated workforce. This means that women and men tend to be clustered into separate occupations and industries. Those occupations and industries that are male dominated have historically been more highly valued with 'men's work' paid more than 'women's work'. The notion of 'men's work' and 'women's work' largely persists.

One of the key issues for working women and the wages and benefits they receive is how their work is valued. Often the skills and work associated with female labour have been seen as natural and innate and, hence, have not been highly valued in the labour market.

Women's work is undervalued because of:

- the absence of appropriate classification structures;
- poor recognition of qualifications;
- the absence of previous and detailed assessments of their work;
- gendered characterisations of the work undertaken by women; and
- inadequate application of previous equal pay measures.

Research has found that a significant portion of the gender pay gap is associated with being in female dominated work. Women employed in industries that were close to 100 per cent female dominated earned 32 per cent less than women with identical job characteristics employed in industries that were close to 100 per cent male dominated. Women also received lower wages in female dominated occupations within industries².

¹ Todd, P and Eveline, J (2004) 'Report on the Review of the Gender Pay Gap in Western Australia'

² Pocock, B and Alexander, M (1999) 'The Price of Feminised Jobs: New Evidence on the Gender Pay Gap in Australia', *Labour and Industry*, 10(2), pp.75-100.