

### Definition and measurement

Gender differences in wages provide an indicator of the degree to which men and women do or do not receive equal incomes from paid work. The “gender wage gap” is measured here as the difference between male and female median full-time earnings expressed as a percentage of male median full-time earnings. It is also measured at low and high earnings levels (the 20th percentile and 80th percentile respectively).

Data about gender wage gaps are extracted from the OECD earnings database. As noted for earnings inequality, this measure should not be taken as a precise indicator of differences across countries because of differences in the way full-time earnings are measured; also, this measure does not take into account differences in the amount of hours worked by full-time employees.

The gender wage gap is particularly important in the light of the need for increasing women’s participation to the paid labour market and to achieve equal opportunities. There are still significant wage differentials between women and men across OECD countries. The gender wage gap at the median averages 18% across 21 OECD countries (Figure EQ3.1). Differences across countries are noteworthy. The gender wage gap ranges from a low of between 6 and 9% in New Zealand and Belgium to a high of between 30 and 41% in Japan and Korea. A substantial part of the gender wage gap in each country, and part of the differences between countries, can be accounted for by gender differences in the composition of the workforce. The overall degree of wage inequality in each country also underpins, and possibly accounts for much of, the cross-country variation in the size of the gender wage gap (Blau and Kahn, 2001). The interruptions to women’s working careers associated with motherhood also contribute to the wage gap.

In most countries, gender wage gaps are wider for high-income workers (at the 80th percentile) than they are for low-income workers (at the 20th percentile) (Figure EQ3.2). Exceptions exist – the United Kingdom, Switzerland and Portugal – while in Denmark and Belgium the differences are not significant. The higher degree of gender wage equity towards the bottom of earnings distributions is likely to reflect institutional factors such as the influence of the minimum wage and coverage of collective bargaining (Blau and Kahn, 2001). The wider gap at higher earnings levels is often taken as an indicator of the existence of the “glass ceiling” (Arulampalam et al., 2006).

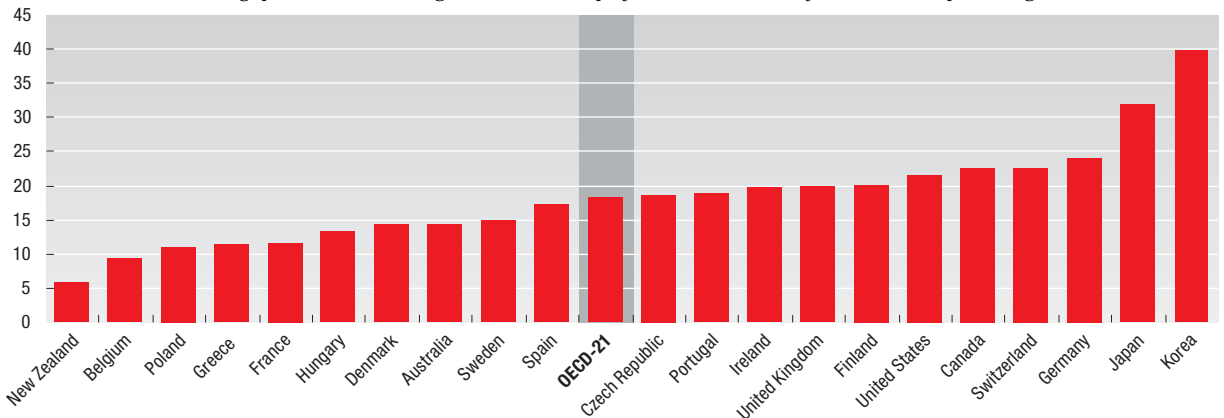
Reflecting a rise in educational attainment and training and work attachment for women relative to men, the size of the gap has tended to decline over time in all countries for which data are available (Table EQ3.3). Since the early 1980s, the largest declines have occurred in the United States from a relatively high level. In Japan and the United Kingdom the gender wage gap is also steadily narrowing over time. By contrast, in France and Austria gender wage gaps are now on the rise. In France, this increase reverses a prolonged narrowing. The majority of OECD countries show fluctuating trends.

Despite “equal pay for equal work” provisions and anti-discrimination legislation in most OECD countries, part of the earnings gender gap in each country reflects discrimination against women in the labour market. However, given that discrimination is rarely directly observable and because of other measurement problems, it is difficult to pin down precisely its contribution to the size of the gender wage gap within and across countries. An indirect and rough measure of discrimination is given by the “unexplainable” difference in pay. Comparing pay differences among men and women in very similar jobs or by comparing pay to specific measures of productivity, some studies find convincing evidence of differential treatment of men and women.

**Status indicators:** Earnings inequality (EQ2), Mothers in paid employment (SS3).

EQ3.1. Women are paid less than men

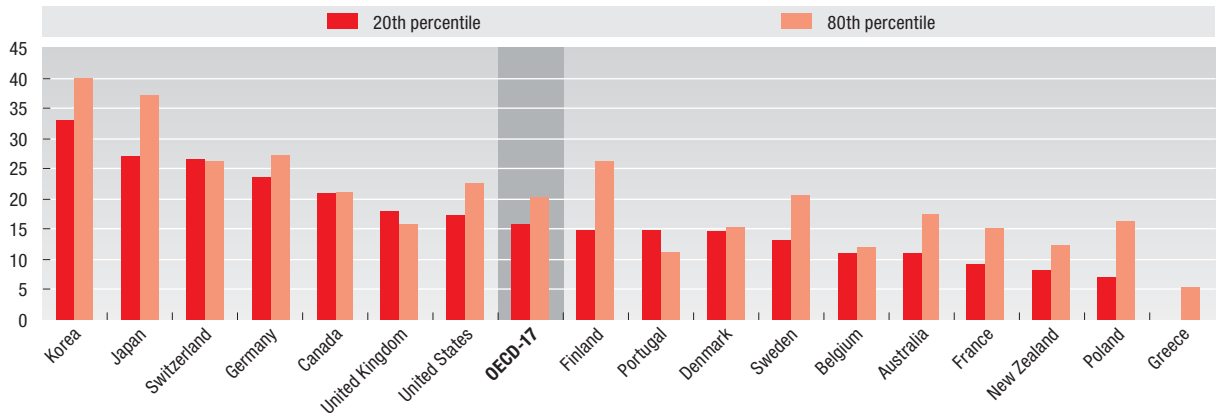
Gender gap in median earnings of full-time employees, 2004 or latest year available, percentage



Note: Countries are ranked, from left to right, in increasing order of the gender wage gap.

EQ3.2. Wider gender wage gap at higher earnings levels

Gender wage gaps at the top and bottom of the earnings distribution, 2003 or latest year available



Note: Countries are ranked, from left to right, in decreasing order of the gender wage gap in the bottom 20th percentile of workers.

EQ3.3. Lower gender wage gaps in most OECD countries

Gender gap in median earnings of full-time employees

	1980	1985 <sup>1</sup>	1990 <sup>2</sup>	1995 <sup>3</sup>	2000 <sup>4</sup>	2004 <sup>5</sup>		1980	1985 <sup>1</sup>	1990 <sup>2</sup>	1995 <sup>3</sup>	2000 <sup>4</sup>	2004 <sup>5</sup>
Australia	18.8	19.6	18.2	14.5	17.2	14.4	Ireland	..	..	..	..	19.7	..
Austria	35.1	..	32.2	31.2	32.9	..	Italy	..	18.8	19.5	17.1	..	..
Belgium	..	..	..	..	8.8	9.3	Japan	41.7	41.7	40.6	37.1	33.9	..
Canada	..	..	..	..	24.0	22.6	Korea	..	51.9	..	43.1	40.7	39.8
Czech Republic	..	..	..	21.1	21.8	18.6	Netherlands	..	25.6	25.0	23.1	21.7	..
Denmark	..	..	..	14.1	14.7	12.3	Poland	..	..	19.9	19.9	16.8	11.0
Finland	26.6	22.5	22.9	22.4	20.4	20.1	Sweden	14.5	18.4	19.6	19.0	15.5	14.8
France	19.7	17.0	15.3	10.3	10.8	11.7	Switzerland	..	..	26.4	25.5	25.7	22.6
Germany	..	27.0	27.2	23.5	23.0	24.1	United Kingdom	35.3	33.6	31.2	26.6	24.0	20.0
Hungary	..	..	..	17.8	13.2	..	United States	36.6	33.0	28.5	24.6	24.5	21.6

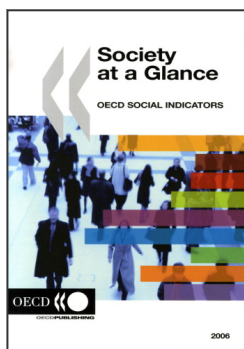
..: Data are not available.

- 1986 for Finland and Italy.
- 1991 for Poland and Switzerland.
- 1996 for the Czech Republic, Denmark and Hungary.
- 1999 for Austria, Netherlands and Poland.
- 2003 for Belgium, the Czech Republic, Finland, Switzerland, the United Kingdom and the United States; 2002 for France, Germany, Korea and Poland

Source: OECD Earnings Database.

StatLink: <http://dx.doi.org/10.1787/364104645170>

**Further reading** ■ Arulampalam, W., A. Booth and M.L. Bryan (2006), "Is There a Glass Ceiling over Europe? Exploring the Gender Pay Gap across the Wages Distribution", Discussion Paper No. 510, Centre for Economic Policy Research, Research School of Social Sciences, Australian National University. ■ Barth, E., M. Røed and H. Torp (2002), "Towards a Closing of the Gender Pay Gap. A comparative study of three occupations in six European countries", Institute for Social Research and the Norwegian Centre for Gender Equality, Oslo. ■ Blau, F.D. and L.M. Kahn (2001), "Understanding International Differences in the Gender Pay Gap", NBER Working Paper, No. W8200, Cambridge, MA (<http://ssrn.com/abstract=265295>).



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