

Why Do Women Earn Less Than Men?

Two of the most important socioeconomic changes over the last few decades are the massive influx of women into the workforce and the remarkable progress that they have made in educational attainment. In spite of these developments, women still earn less than men. Why is it the case?

Is it because women are overrepresented in professions that are at the lower end of the pay scale? Because they place a greater value on non-pecuniary aspects of a job? Because they have greater family responsibilities? Or yet again, because of gender stereotypes in the workplace?

The evidence resulting from an important body of Canadian research using microdata from several surveys conducted by Statistics Canada shed light on these questions and help us better understand the evolution and the persistence of the gender wage gap in Canada.

Results

The gender wage gap has decreased over the years but it is still significant, even among the younger, more-educated generations.

Less than a third of this gap is explained by the differences in the productive characteristics of women and men, such as the level of education reached, the profession or trade practiced, the experience accumulated, the number of hours worked, or the sector in which they work.

The educational and professional choices that women make, in particular the fact that they are less present in certain trades and professions, is one of the most important explanatory variables of the wage gap.

These differences in the productive characteristics of women and men explain an increasingly smaller portion of the wage gap; the greater portion of the gap measured nowadays cannot be explained by these differences.

The hypothesis stating that women are more interested than men in non-pecuniary aspects of a job finds some empirical support, but the importance of this factor in explaining the wage gap is relatively small compared to educational and occupational choices.



About this *Research Highlight*

This *Research Highlight* draws on Carole Vincent, “Why Do Women Earn Less Than Men,” *CRDCN Synthesis Series*, September 2013.

It was prepared by Sarah Fortin, Knowledge Transfer Coordinator at the Canadian Research Data Centre Network (CRDCN), an infrastructure created to improve researchers’ access to Statistics Canada detailed microdata files, to expand the pool of skilled quantitative researchers and to improve communication between social scientists and research users.

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- Women with children earn less than women without. This ‘family gap’ remains even when accounting for the fact that motherhood possibly affects the productivity and the human capital of mothers due to temporary removal from the work force or conflicts between family and work responsibilities.
- While it is difficult to document the existence of prejudice and gender stereotypes, there are indications suggesting that, in some workplaces, such as traditionally male-dominated sectors or sectors where non-standard jobs tend to be concentrated, discriminatory practices toward women may exist.

Policy implications

- Given that young women’s educational and occupational choices explain a significant proportion of the wage gap, helping young women diversify their educational and professional choices and fighting gender stereotypes are the main public policy tools to help level the playing field.
- Measures to reduce the effect of maternity on women’s income should also be considered. Historically, they have improved the situation.
- Since women’s family responsibilities seem to have a longer-term effect on working mothers’ incomes, it would also be important to encourage a more balanced division of childcare responsibilities between the two parents and a greater involvement by fathers.