CLOSING THE GENDER WAGE GAP

A Review and Recommendations by the
Human Resources Professionals Association (HRPA)
## CLOSING THE GENDER WAGE GAP

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INTRODUCTION

The gender wage gap is the difference between the income earned by women and by men. It can be calculated in many different ways, however, the most recent data from Statistics Canada estimates the gap to be anywhere between 12 per cent to 31.5 per cent. It is a real and substantial issue facing the Ontario economy, and the Royal Bank of Canada estimates that Canadian incomes would rise $168 billion each year if the wage gap closed. While this growth would have a positive effect on the economy in the long term, the government must also be mindful of the impact this would have on businesses and the costs of their goods and services as salaries rise. Within this context, it is important that policy makers attempt to bring about meaningful change, while always mindful of the impact on businesses.

Much research has already been conducted by the Province of Ontario as part of its ongoing consultation on how to close the wage gap between men and women. This research identifies the significance and prevalence of the issue, the social and financial benefits of addressing the issue, as well as some of the underlying causes. In this paper, the Human Resources Professionals Association (HRPA) will build off this research by offering several policy solutions that both government and business can implement to help address some of the underlying problems. The recommendations laid out below are based upon a scan of various studies, actions taken by other jurisdictions, and the findings of a survey of 912 HRPA members, conducted online from December 10-16, 2015.

The underlying factors associated with the gender wage gap are believed to occur at various stages of a woman’s life, often starting early on during childhood education, and following through to the workplace.

This paper will focus on six of those stages:

- Education and choosing a career path;
- Negotiating;
- Getting hired;
- Wage Transparency;
- Performance evaluations; and,
- Workplace Flexibility.

The factors identified throughout this report, often the result of unconscious biases, should not be considered individually. Rather, they are components of the problem that, when added together over a person’s life, can contribute to establishing the gender wage gap. By addressing the problems at each stage, we increase the likelihood of reducing the gender wage gap itself.

The paper will recommend various different interventions at each stage that government (“Government Action”), business (“Business Action”), or both government and business working together (“Joint Action”) can take. It will then briefly discuss the role of the HR profession and possible solutions the profession can offer. It argues that by taking these concrete steps, real progress can be made towards closing the wage gap between men and women.
02 EDUCATION AND CAREER PATH

Some of the root causes of the gender wage gap can begin early on in life, starting with education and career path choices. One of the main issues is occupational segregation, where some jobs are primarily male dominated, and others are primarily dominated by women. This segregation can often produce a gender wage gap, when the types of jobs primarily filled by women are paid less than those filled by men. For example, careers in the science, technology, engineering and mathematics fields (STEM) in Ontario are not equally represented by women, having approximately 2.5 times more men. Those sectors with the largest number of women include ‘sales and service occupations,’ ‘business, finance and administration occupations,’ and ‘occupations in education, law and social community and government services.’

Ontario women make up at least half of any given education level. The exception is that of skilled trades and apprenticeships, where women make up only 32.5% of this category. This exception, in and of itself, is telling. Men make up the remaining 67.5% of people in this educational category, and when we look at those actually working in the ‘trades, transport, equipment operators and relevant occupations’ category, it is comprised of 93.5% men. In contrast, the workforce in ‘health occupations’ is 80.1% women.

Women in Ontario are very well educated, but choose to stay away from certain types of jobs. This is not unique to Ontario. While this is sometimes a choice, various studies in other jurisdictions show that this issue also ties back to multiple factors including underlying stereotypes that are passed along, a lack of proper career information, and a lack of industry promotion.

STEREOTYPES

Studies show that girls do as well as boys but in certain fields they can lose confidence throughout their progress in the education system. According to Hill et al, one reason for this loss has been attributed to stereotyping. Research has found a ‘stereotype threat’ in math and science, that may make young women “attempt to reduce the likelihood that they will be judged through the lens of negative stereotypes by saying they are not interested and by avoiding these fields” altogether.

However, when girls push past this stereotype, they continue to be presented with others. Stereotypes can follow women throughout their lives. A randomized double-blind study conducted by Moss-Racusin et al has shown that science faculty can have an unconscious bias that favours men. In the study, the faculty rated male applicants as “significantly more competent and hirable than the (identical) female applicants [and also offered] a higher starting salary and offered more career mentoring to the male applicants.” The impact of these stereotypes need to be addressed early on to ensure more women participate in fields where they are currently underrepresented.

Progressive Nordic countries like Denmark are well aware of the impact of stereotypes. In 2011, Denmark implemented three different campaigns meant to combat gender stereotypes in education and employment. These campaigns were then evaluated to determine which was the most successful.

Other jurisdictions like the City of Boston have attempted to address stereotypes through the promotion of positive role models. Research has shown that negative stereotypes can be counteracted by exposing young women to positive female role models. Boston’s ‘Girls MAKE the City’ event is a technology focused festival aimed at middle school girls that features prominent women from their STEM sectors, while its ‘Change-MAKER’ event consists of a series of workshops and speakers aimed at highlighting female role models. These types of activities are meant to directly challenge the stereotype threat, and may help attract more young women into the STEM sectors.
CAREER INFORMATION

In addition to being presented with negative stereotypes, Ontario students lack the proper guidance about what careers are possible, and where the greatest labour force demand will be when they graduate. While this is a challenge regardless of gender, it does present an opportunity to address two problems at once.

Ontario’s education system has served past generations well in providing universal preparation for a traditional workforce, but that system has long become outdated. Skills shortages, particularly in the STEM-based occupations as well as the trades, have been identified by the Canadian Chamber of Commerce as one of the top barriers to competitiveness.

Good labour market information “is clearly a necessary condition” for proper matching of people with skills the market requires, but the information system in Canada is lacking. With improved labour market information, and a system to match skills with labour market needs, Ontario could improve the career guidance it provides students regardless of gender, and could steer them towards well-paying sectors that are in particular need of workers.

INDUSTRY PROMOTION

The positioning of occupations and industry promotion is particularly important, as research has shown that women are most drawn towards jobs “with a clear social purpose.” As one educator put it, Ontario needs to “build a culture in high school that applied learning – such as apprenticeships – is valuable.”

A study by Catalyst (an organization committed to accelerating progress for women through workplace inclusion) revealed that over half of those interviewed were given little or no information about industrial science careers. This is just one example of how industries and companies need to do better at marketing themselves towards women. The report recommends various promotional actions such as funding internships and fellowships and increasing the visibility of careers.

Some jurisdictions, such as Denmark, have taken steps such as targeted advertising to try to drive occupational decisions. For example, in 2013 the government advertised to attract male teachers to the female-dominated day-care sector.
RECOMMENDATIONS

GOVERNMENT ACTION - Implement labour market research
The government should conduct its own labour market research to project demand for skills, both in the near and distant futures, and on a rolling basis, amend those projections as the data changes. The current federal model takes too long, and the Province can do a better job in determining what skilled professions are needed.

GOVERNMENT ACTION - Support training programs for women in skilled trades
The government should continue to support pre-apprenticeship programs focused towards women. This will help to remove barriers that preclude women from entering fields like skilled trades.

BUSINESS ACTION – Target industry promotions and recruitment
Businesses and associations should engage in industry promotions and recruitment drives targeted towards female students and women. Business associations should consider outreach to career guidance counsellors to highlight opportunities for students.

JOINT ACTION – Pilot education campaigns
The Government of Ontario should partner with an organization like the HRPA to develop a pilot educational campaign targeted at senior elementary school women, with the goal of educating them about career opportunities while combatting stereotypes.

JOINT ACTION - Promote positive role models
The government should partner with business to establish different initiatives that address the stereotype threat.

HR PROFESSIONALS’ VIEWS

66% of HRPA survey respondents said that a combination of improved labour market research, improved career guidance, and promotion of sectors targeted towards young women were the best steps that could be taken to encourage more women to pursue employment in jobs that tend to be male dominated.

Additional comments centred around the need to improve education, particularly early education, focused at the STEM sectors, as well as the need to break down stereotypes with young women.
The ability to successfully negotiate can have a direct impact on a person’s income, however; this skill is often not taught to students, and instead is left up to individuals to learn on their own. This can be a problem when stigmas exist. Research conducted by Corbett and Hill has shown that women are less assertive than men at negotiating during the hiring process, and often less willing to negotiate. It also shows employers may penalize women if they initiate a negotiation. Women could be helped with proper negotiation training. Educational workshops already exist in numerous jurisdictions. For example, the Start Smart and Work Start salary negotiation workshops organized by the American Association of University Women are two-hour training programs that teach women how to strategically pitch and respond to salary offers.

**RECOMMENDATIONS**

**GOVERNMENT ACTION - Sponsor negotiation training**

The government should sponsor negotiation training programs aimed not only at high school students, but also at women in higher education, and professionals.
Hiring practices themselves may have an impact on the gender wage gap because of unconscious biases that are at play. A systematic analysis of twenty-seven studies from around the world by Isaac, Lee, and Canes looked at gender differences in the evaluation of job applicants and found negative gender biases at play when interviewers rated women and men with identical qualifications. The analysis revealed that in all but one study, male applicants for jobs dominated by men had an easier time getting an interview or being hired. Another study by van Ommeren et al that utilized meta-analysis of hiring decisions reinforced these findings, and identified that gender differences are magnified when group sizes of women and men are different.

In a panel discussion hosted by the Harvard Kennedy School, Professor Iris Bohnet explained that biases are hard to eliminate, but it is possible to improve the interview process. Blind evaluations are one method, and the next best option is standard interview questions presented in the same order.

HR PROFESSIONALS’ VIEWS
When asked what businesses can do to address the barriers that prevent women from being hired and given equal starting salaries, 44% of HRPA survey respondents believed the solution resided in a combination of seeking to having a larger percentage of women in applicant pools, creating gender-blind screening of initial applicants, and regularly evaluating starting salaries to ensure equal treatment. Thirty-three per cent of respondents believed regular evaluation of starting salaries alone was the solution. Other comments identified the need to create a shift in corporate culture to eliminate biases.

RECOMMENDATIONS
BUSINESS ACTION – Diversify applicant pool
Research has shown that ensuring women comprise at least 25% of a job applicant pool can help reduce the biases that could disadvantage women.

BUSINESS ACTION – Implement gender blind initial reviews and standard interviews
Ask raters to evaluate an applicant’s qualifications prior to knowing their gender and utilize standard questions in the same order, and rate applicants based on their responses.

BUSINESS ACTION – Standardize salaries
Companies should seek to standardize the salaries they offer, particularly for starting salaries.
In order to shed light on the gender wage gap, and begin to measure progress towards reducing it, many jurisdictions have implemented different forms of wage transparency.

Nordic countries have various forms of transparency. In Denmark, a company with 35 employees or more must produce an annual gender-segregated wage report. In Finland, companies that employ more than 30 must produce an equality plan that is shared every other year with employees. This plan includes a pay survey and a report on the gender pay gap within the organization. Iceland introduced a voluntary equal pay standard, and participating businesses must agree to open their books to certification firms to review and certify the company’s dedication to equal pay.

The United Kingdom has launched a plan to “end the gender pay gap in a generation.” This plan includes a provision that will require every company with 250 or more employees to publish their average pay gap between female and male workers generally. The government held a consultation in the Fall of 2015 to determine how regulations will be designed, including, when, where and what information will be released. A decision has yet to be announced, and in November an Impact Assessment was released focusing on two reporting options. Option 1 would be to require a “single gender pay gap figure,” either with or without a corresponding narrative, while Option 2 would require a breakdown by full and part-time or pay grading structure, either with or without a corresponding narrative.

**HR PROFESSIONALS’ VIEWS**

When asked about what type of reporting on gender wage gaps Ontario should consider, HRPA survey respondent opinions were split. However, 74% believed that some sort of intervention should be required by government. 59% of respondents believed that if Ontario required some sort of reporting on progress in addressing workplace gender imbalances and gender wage gaps, the wage gaps would begin to shrink.

**RECOMMENDATIONS**

**GOVERNMENT ACTION** - Introduce wage transparency reporting

The government should introduce wage transparency rules after consulting on what reporting requirements would be appropriate for businesses in Ontario.
Research has found that stereotypes and hidden biases cause women to be held to a higher standard in evaluations than men. This can lead to “cumulative disadvantages over a woman’s career over time.”

The Clayman Institute at Stanford University recommends several measures that can help prevent gender stereotypes from impacting evaluations including establishing clear criteria in advance of the interviews. The City of Boston has taken steps to try to prevent this issue and recommends that employers establish clear evaluation criteria.

**RECOMMENDATIONS**

**BUSINESS ACTION – Establish clear evaluation criteria**
Businesses should require all performance evaluations to be based upon standard, clear criteria that is developed in advance of evaluations.

**BUSINESS ACTION – Evaluate in groups when possible**
Businesses should implement group assessments where possible. This helps raters focus on performance and reduces the likelihood of stereotypes.
Research shows that caregiving is still primarily done by women, and that options available for families can affect a woman’s career. Other research has shown that women with children may be penalized compared to those without. Biases may cause women to be seen as less competent, and offered lower starting salaries. The Harvard Business Review examines another study that has shown that corporate cultures that celebrate extensive overtime investments can have a drastic impact on women’s ambition. As one woman recalled: "Watching middle-aged white male after middle-age white male tell their war stories of sacrificing everything to close the sale was demoralizing.”

According to Statistics Canada, the number of dual-income families in Ontario rose from 42% in 1976 to 68% in 2014. Given this, steps must be taken to allow greater workplace flexibility and a culture shift must also occur so that workers are not penalized for their family responsibilities.

One way to create a more flexible economy is to ensure supportive parental leaves and affordable child care. As the Supreme Court of Canada Justice Rosalie Abella concluded in 1984, “a major barrier to equality in the workplace for women who are mothers is the absence of affordable childcare of adequate quality.” While gains have been made in this area, more can still be done, and there has been much debate as to the best way to incorporate fathers into parental leaves.

Sweden has one of the most generous parental leave policies, and was the first country to introduce paternal leave. Sweden allows parents to take up to 480 days off to care for newborns—including 390 days at nearly 80% of their pay and the remaining 90 days at a reduced flat rate of pay. The law requires that fathers take at least two of those months off, and beginning in 2016 it will be giving fathers a third month of parental leave.

Iceland offers its residents a rather unique program, with nine months paid leave (up to 80% of their former salary) split between parents. This leave is broken down with three months available to mothers, three months to fathers, and three months joint leave. This leave is being expanded gradually, and in 2016 this program will be expanded to 12 months, split five months, five months and two joint months. Given the aging population in Ontario, elder care is increasingly becoming as important as child care, and often compounds the responsibilities. According to research conducted by Statistics Canada, the percentage of Ontario residents providing caregiving in 2012 was above the national average, at 29%. Looking at the national figures, more than one-quarter of caregivers were “sandwiched between caregiving and raising children... [and] most of them were women between the ages of 35 and 44.” The care provided by these caregivers is critical to maintaining or improving the quality of life of those who receive the care, yet it comes with a cost.

According to another Statistics Canada report, there were approximately 5.4 million caregivers over the age of 15 in Canada in 2012 who provided caregiving to seniors with a chronic health condition, disability or problem related to aging. Fifty-six per cent of those who lived with the senior provided at least 10 hours of care a week, while 19% provided care for seniors living in a care facility, and 15% for those living in either supportive housing or at home in separate residences. The study concluded that this caregiving "may have psychological, social or financial consequences.”

In addition to leaves, allowing flexible work schedules is critical to reducing stress on workers who have caregiving responsibilities. Some jurisdictions have already embraced this concept. In the United Kingdom, it is now a right for workers to request flexible work options, and employers can only refuse requests for legal reasons.

According to a study by the Families and Work Institute, from 2008 to 2014 there has been a steady increase in employers allowing employees to have more control over where and when they work.
In a separate survey conducted by the HRPA from July 15-21, 2015, the HRPA asked its members what amendments should be made to the Employment Standards Act in light of the changing workplace.

**The top changes were:**
- Minimum number of weeks of vacation; and,
- Standard work hours in a day or week;

Additionally, in the same survey the HRPA asked its members the best ways to both improve economic security for workers, especially vulnerable workers, and to succeed and prosper in the 21st economy. The top selected changes were:

- Allow workers to work more flexible hours;
- Ensure part-time workers are paid proportionally the same rate as full-time workers in equivalent positions; and,
- Ensure that both workers and employers are aware of their rights and obligations.

**RECOMMENDATIONS**

**GOVERNMENT ACTION - Continue to invest in policies supporting those with caregiving responsibilities**

Recognizing the financial constraints of the province, the government should make it a priority to continue implementing policies aimed at making child care and elder care more affordable.

**GOVERNMENT ACTION - Allow flexible work hours**

The government should update the Employment Standards Act to allow workers to work more flexible hours.

**BUSINESS ACTION – Pay part-time and full-time workers similarly**

Businesses should ensure they pay their part-time workers at proportionally the same rate as full-time workers in equivalent positions.

**HR PROFESSIONALS’ VIEWS**

When offered various different options that government and businesses could do to support caregiving responsibilities,

**36% HRPA survey respondents believed that Government could invest to reduce the cost of child care (more than double any other solution).**

A number of comments were made recommending that the concept of caregiving must include elder care.
Human Resource Professionals can play an important role in helping to reduce the gender wage gap in Ontario. HR Professionals are uniquely positioned to be able to spot the influence of potential stereotypes and biases in others, and also to educate managers and supervisors about the issue and effective solutions—but only if they are armed with the proper resources.

When asked whether the province’s online gender wage gap resources were sufficient, 85% of HRPA survey respondents said they were either unsure (63%) or felt the resources could be improved (22%). The reoccurring comments about how best to improve them included better promotion of existing resources and laws, as well as better education and training of laws.

In addition to improving current material, the government should look to expand its training. The Ministry of Labour currently requires Supervisor Awareness Training to introduce supervisors to the Occupational Health and Safety Act. The HRPA asked its Members whether the government should develop a similar online module for managers that focuses on the issues of cultural sensitivity, the gender wage gap, and pay equity, and 68% of respondents said “yes.” Such mandatory training would help raise awareness of these issues with managers.

Research has shown that the solution does not reside simply in diversity-training programs for staff. Such training can increase awareness, but structural changes such as group evaluations and other recommendations made in this report will have a greater impact on reducing biases and stereotypes. HR Professionals are especially suited to remain up to date on current techniques and approaches, and help their organizations implement the most effective solutions.

When the HRPA asked its members what other steps HR Professionals could take to help address the gender wage gap, 73% of respondents felt the answer was a combination of reviewing language used in job postings and evaluations to ensure gender neutrality, working with management to institute a culture of gender equality, educating management on the gender gap issue, techniques to avoid it, and policies and procedures to help shrink the gap, as well as reminding managers annually about the issue before employee evaluations occur. If HR Professionals are empowered to address this critical issue, they are well suited to help bring about positive change.

**RECOMMENDATIONS**

**GOVERNMENT ACTION – Develop online training**
Develop online manager training that focuses on the issues of cultural sensitivity, the gender wage gap, and pay equity.

**BUSINESS ACTION – HR Professionals should educate managers**
HR Professionals should educate managers on the gender gap issues and techniques to avoid it.

**BUSINESS ACTION – HR Professionals should review language**
HR Professionals should review language used in job postings and evaluations to ensure gender neutrality.

**BUSINESS ACTION – HR Professionals should help institute a culture of gender equality**
HR Professionals should increase efforts to help management ensure a culture of gender equality in the workplace.

**BUSINESS ACTION – HR Professionals should educate management**
HR Professionals should educate managers on the gender gap issues and techniques to avoid it.
Closing the Gender Wage Gap
LIST OF RECOMMENDATIONS

EDUCATION AND CAREER PATH

GOVERNMENT ACTION – Implement labour market research
The government should conduct its own labour market research to project demand for skills, both in the near and distant futures; and on a rolling basis, amend those projections as the data changes. The current federal model takes too long, and the Province can do a better job in determining what skilled professions are needed.

GOVERNMENT ACTION – Support training programs for women in skilled trades
The government should continue to support pre-apprenticeship programs focused towards women. This will help to remove barriers that preclude women from entering fields like skilled trades.

BUSINESS ACTION – Target industry promotions and recruitment
Businesses and Associations should engage in industry promotions and recruitment drives targeted towards female students and women. Business associations should consider outreach to career guidance counselors to highlight opportunities for students.

JOINT ACTION – Promote positive role models
The government should partner with business to establish different initiatives that address the stereotype threat.

JOINT ACTION – Pilot education campaigns
The Government of Ontario should partner with an organization like the HRPA to develop a pilot educational campaign targeted at senior elementary school women, with the goal of educating them about career opportunities while combating stereotypes.

NEGOTIATING

GOVERNMENT ACTION – Sponsor negotiation training
The government should sponsor negotiation training programs aimed not only at high school students, but also at women in higher education, and professionals.

GETTING HIRED

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WAGE TRANSPARENCY

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PERFORMANCE EVALUATIONS

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Businesses should require all performance evaluations to be based upon standard, clear criteria that is developed in advance of evaluations.

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Businesses should implement group assessments where possible. This helps raters focus on performance and reduces the likelihood of stereotypes.

WORKPLACE FLEXIBILITY

GOVERNMENT ACTION – Continue to invest in policies supporting those with caregiving responsibilities
Recognizing the financial constraints of the province, the government should make it a priority to continue implementing policies aimed at making child care and elder care more affordable.

GOVERNMENT ACTION – Allow flexible work hours
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BUSINESS ACTION – Pay part-time and full-time workers similarly
Businesses should ensure they pay their part-time workers at proportionally the same rate as full-time workers in equivalent positions.

ROLE OF HR PROFESSIONALS

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Bibliography


Endnotes


