

Every step you take: Ontario's gender pay gap ladder ^[1]

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Executive summary

For the third year in a row, the Government of Ontario recognizes the persistence of the province's gender pay gap by acknowledging April 19, 2016 as Equal Pay Day.

Why April 19th? Because women in Ontario who work full-time, full-year have to work roughly an additional three-and-a-half months into the new year to catch up to how much men have earned, on average, by the end of the previous year. In other words: it takes women almost 16 months of work to match what men make in 12 months in Ontario.

The goal of Equal Pay Day is to sketch out steps to close that pay gap, but how do you accomplish that goal if you don't know where the gaps are

along the income spectrum, by occupation, or by demographics such as racialized group or immigration status?

This study makes a new contribution to the understanding of Ontario's gender pay gap by drawing upon a decile analysis to understand the distribution of men's and women's earnings. Imagine lining up men and women on an employment income ladder that has 10 steps (deciles), going from the poorest 10 per cent to the highest paid 10 per cent. How different does that ladder look for men as compared to women?

This study reveals a number of stubborn trends that underlie the persistence of Ontario's gender pay gap: each step in that ladder is lower for women than men except the first one, where they earn an average of \$190 per year more than men.

Moving up the steps in that income ladder, the gender pay gap persists and widens.

Average earnings in the second decile for women fall 15 per cent below that of men. That translates into a shortfall of \$1,000 in women's annual average earnings compared to men. Taken over the course of a woman's working life, over a 35-year period, women who remain in the second lowest-paying decile would earn an average of \$35,000 less than men in the same income category.

Average earnings in the third decile for women fall 27 per cent below that of men — a shortfall of \$3,700 in women's average annual earnings compared to men. Over a 35-year period, women in this decile would earn an average of \$129,500 less than men in the same income category.

In the middle rung for women, average earnings fall 27 per cent below that of men — a shortfall of \$9,000 in women's average annual earnings compared to men. Taken over the course of a woman's working life, over a 35-year period, women in the middle-paying decile would earn an average of \$315,000 less than men in the same income category.

In the seventh rung for women, average earnings fall 25 per cent below that of men — a shortfall of \$14,000 in women's average annual earnings compared to men. Taken over the course of a woman's working life, over a 35-year period, women in the seventh highest-paying decile would earn an average of \$490,000 less than men in the same income category.

Here's the kicker: in the top decile, the best paid 10 per cent of women in Ontario experience an average earnings shortfall that is 37 per cent less than average earnings in the top decile for men. That translates into a whopping \$64,000 annual average earnings shortfall, giving new meaning to the glass ceiling. Taken over the course of a woman's working life, over a 35-year period, women in the top-paying decile would earn an average of \$2,240,000 less than men in the same income category.

Regardless of which industries or occupations women work in, they make much less than men, on average, even in areas where women predominate.

As women get older and gain more work experience they still earn substantially less than their male counterparts. Immigrant and Aboriginal women experience a bigger gender pay gap.

In other words, gender inequality reigns no matter how you slice up the Ontario labour market. The persistence of these inequality

patterns shows that the market operates systematically so that women incur substantial economic losses throughout their lifetime. While Ontario women are seeking to rise up the pay hierarchy by investing in education and seeking new jobs as a key to their income mobility, the income gap remains.

Despite higher educational attainment, entry into new occupations, increased labour force participation, age and experience, the gender gap shadows women along every step of the income ladder.

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