



## Talking point



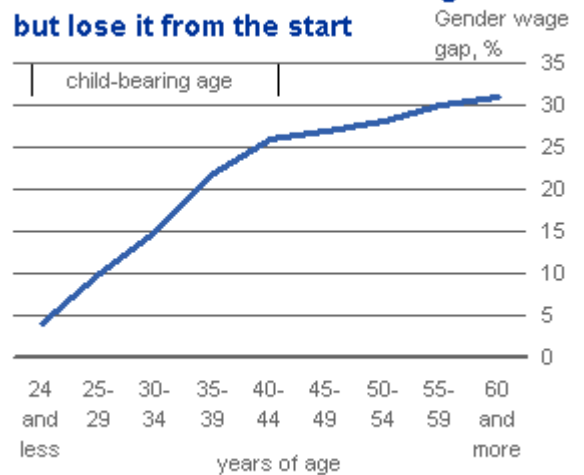
### Are women really worth less?

A look behind the gender wage gap, and what we can do about it

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The new figures are out. German women still earned 24% less per hour than men in 2006. This unadjusted gender wage gap is a useful indicator and underlines the need for action – especially since it has not decreased significantly in recent years, in spite of women’s increasing education levels. However, this overall indicator has the limitations of all aggregated averages, in that it mixes aspects of a different nature. In particular, it is important to distinguish between potential discrimination (arising in the absence of equal pay for equal work) and “choices”, like career patterns, for instance. At the same time, the latter are only partly driven by preferences – which makes things even more complex. We see four major aspects of the gender wage gap, three pertaining to women at large, and one specific to mothers (and a few rare fathers).

### Older women have it even tougher but lose it from the start



Source: Federal Statistical Office for 2006

#### 1. The professions which are female-dominated tend to pay less.

Occupational segregation is one of the main causes of the gender pay gap. The high proportion of women in professions like primary education, nursing etc. is partly due to choice, but the fact that these professions are often “lower-paying” and undervalued may denote a structural problem needing to be tackled at the political level. Fighting prejudices at a young age (against science for girls, for instance) can also help relieve the problem.

#### More women in the profession means lower pay

Selected professions <sup>1</sup>	Gross pay, EUR	Share of women, %
Managing director, divisional manager	92 556	18.2
Solicitor, legal counsel	82 135	36.2
Airline careers	77 796	21.8
Business, organisational consultant	76 172	28.2
Medical practitioner (employee)	75 895	40.6
Chemist, chemical engineer	75 533	22.4
Hairdresser	15 787	90.8
Laundry and ironing	20 629	81.0
Window cleaner, building cleaner	21 414	56.4
Maid	21 779	84.3
Housekeeper	21 951	94.3
Meat and sausage producer	23 333	35.3

<sup>1</sup> This table contains only selected data (the only available from Destatis at this point). But we believe it is representative of the bigger picture.

#### 2. Being a mother slows down a woman’s career.

Mothers are likely to take time off or accept low-qualified part-time positions for an extended period of time, especially in Germany. Mothers interrupting their career after birth for a year or two often do so for the sake of their relationship to their children but their choice can also be motivated by other issues: lack of adequate child-

care, compounded by the gender wage gap, affecting which parent stays fully or partially at home. The solution is theoretically simple:

- a. Quality, affordable child-care with flexible hours is an obvious prerequisite. Prior to the child-care phase, **if mothers can share with fathers the time spent with children**, their career will not be slowed down as much. Policies can help in this respect, but only in combination with an accommodating company culture. As long as fathers are stigmatised for spending time with their children (either through a career break or a switch to part-time), they will not be inclined to join in. The situation can quickly improve if it becomes accepted and usual to do so.
- b. **Company culture** also determines the impact of time off or reduced hours on the career. If returning parents are given the same opportunities as their peers with the same experience who have not taken time off, career steps will just be postponed by one or two years, and the lasting **impact on career and wage progression** will be minimal.
- c. Recognizing part-time employment as a valid career path can also go a long way. A mother given the opportunity to resume her previous job part-time is very likely to re-enter the work force earlier than if she is forced into full-time or a “downgraded” part-time. The latter is another cause of the gender wage gap. Without a culture where **flexible arrangements of all kinds for both parents are truly accepted** – and not just tolerated – no big change is possible.

### 3. Women rarely make it to the better remunerated top positions, in spite of similar education levels.

By and large, this is due to the fact that women encounter specific barriers. Countless studies discuss prejudices in promotion processes, resistance against women in leading positions, difficulties reconciling feminine qualities with a typical (male-defined) leadership style (as well as family duties). The means to remove these barriers are mostly known: mentoring, efficient networks, more transparent promotion processes, and maybe even positive discrimination. However, their effectiveness requires relentless commitment from the top, and integration into the strategic plan of the company. The demographical challenge of the “war for talent” may help, but a push is required to have a critical mass of women at the top and a more encompassing “talent management”.

### 4. “Equal pay for equal work” is probably not always true within companies.

This aspect of the gender wage gap is very hard to quantify for obvious reasons but the OECD stipulates that there is a tendency to pay women less than men for the same jobs. There may still be some employers who think that men are the bread-winners, and are thus biased in their salary budget allocation. Maybe some women are not as assertive in salary negotiations. In both cases, courses dealing with gender biases, differences and communication may be beneficial, for both genders. Whatever its origin may be, this most ugly aspect of the gender wage gap needs to be tackled by employers and social partners, through more transparency.

The gender pay gap isn't just bad news for women and an equity issue. It underlines the fact that women's abilities and skills are not being fully utilised and this impedes economic growth. Reducing the gender wage gap is likely to take time as it requires changes in company cultures and human resources processes (as well as social values). Companies willing to tackle the gender wage gap may want to join forces, surely not in the sense of sharing highly sensitive data, but in coordinating their efforts and doing their share to eliminate it.

Further information: [Women on expedition to 2020: The path to more gender equity in Germany](#)

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