



PAY EQUITY

Women, Work and the Economy

*By Emanuela Heyninck,
Ontario Pay Equity Commissioner*

Ontario will soon be facing a significant shortage of skilled workers. This comes at a time when women outnumber men in university enrolment, the number of women graduates equals or surpasses men in many areas, and women are participating in the workforce in ever increasing and steady numbers. Capitalizing on the availability of educated women is an economic priority for all.

Many studies reveal that gender diversity has a considerable bearing on corporate performance. Research from the United States, Canada and Europe demonstrates that organizations with the highest representation of women in top management teams seem to experience better financial performance than organizations with the lowest female representation.

The Gender Wage Gap

The gender wage gap is the difference in earnings between men and women. The existence of the gap is evidence that there are barriers that prevent women from achieving their full economic potential.

The gender wage gap can be measured in various ways; the most common method is to look at full-time, full-year wages. The most recent Statistics Canada data (2011) shows that the gender wage gap in Ontario is 26% for full-time, full-year workers. This means that for every \$1.00 earned by a male worker, a female worker earns 74 cents.

Many factors contribute to the gender wage gap including differences between men and women in work experience, hours worked, unionization, and family and home responsibilities, as well as systemic discrimination.

WHAT IS PAY EQUITY?

Pay equity recognizes that historically, women and men have tended to do different kinds of work. Work that has traditionally been performed by women has generally been undervalued and hence underpaid. Pay equity refers to equal pay for work of equal value. The aim of pay equity is to close the part of the wage gap that is due to systemic gender discrimination in employer pay practices.



Emanuela Heyninck, Ontario Pay Equity Commissioner

The Pay Equity Act

In 1987, the Ontario government passed the *Pay Equity Act* (the Act). The Act applies to all employers in the public sector and all private sector employers with 10 or more employees. The goal of the law is to set out the method for employers to ensure that their compensation practices are free of gender bias and that employees in female job classes are paid at least the same as employees in comparable male job classes. This obligation does not depend on an employee bringing forward a complaint.

To meet the minimum requirements, employers must carry out each of these activities for each of their establishments:

- ▶ Determine job classes, including the gender and job rate of job classes.
- ▶ Determine the value of job classes based on factors of skill, effort, responsibility and working conditions.
- ▶ Conduct comparisons of all female job classes to male job classes using job-to-job, proportional value methods (or for eligible broader public sector employers, the proxy method).
- ▶ Adjust the wages of underpaid female job classes so that they are paid at least as much as an equal or comparable male job class or classes.
- ▶ Ensure that pay equity is maintained as changes occur in each establishment.

The Pay Equity Office provides many self-help Internet tools and guidelines to enable employers to understand the process and to assist them in achieving and maintaining pay equity.

The Business Case for Pay Equity

Pay equity may bring about more objective pay practices.

The job evaluation process increases understanding of the jobs within the organization and helps identify strengths, weaknesses, and opportunities for improving productivity.

Implementation may represent a first step towards a diversity strategy; it may open eyes to other forms of discrimination that represent barriers to employee engagement.

If employees and unions are part of the process, it provides an opportunity for employees to gain a greater understanding of the total corporate structure and goals.

Pay equity compliance may be a good marketing tool for businesses—both to attract female workers and to appeal to women consumers who make the majority of family purchasing decisions.

The Gender Wage Gap Strategy

Recently, there has been growing recognition that pay equity alone will not close the gender wage gap and that additional measures need to be taken.

In the Ontario Minister of Labour's 2014 Mandate Letter, the Premier charged the Minister with leading the development of a wage strategy, stating: "Women make up an integral part of our economy and society, but on average still do not earn as much as men. You will work with the Minister Responsible for Women's Issues and other ministers to develop a wage gap strategy that will close the gap between men and women in the context of the 21st century economy."

To assist in the development of a strategy, the Minister of Labour appointed the Gender Wage Gap Strategy Steering Committee, whose members are: two External Advisors—Linda Davis and Dr. Parbudyal Singh, the Pay Equity Commissioner—Emanuela Heyninck, and the Ministry of Labour Executive Lead—Nancy Austin.

The Committee is to: examine how the gender wage gap affects women at work, in their family, and in their community; understand how the gender wage gap specifically affects women in the workforce across the economic spectrum; assess ways in which government, business, labour, other organizations, and individual leaders can work together to address the conditions and the systemic barriers that contribute to the wage gap; and, understand other factors that intersect with gender to compound the wage gap and determine how those factors should be addressed.

The Committee sought input from the public through consultations using a variety of methods and is now in the process of reporting back to government on the recommendations for a proposed strategy in 2016. ■

Join the CPA on October 5, 2016 for a complimentary webinar on Pay Equity. Visit payroll.ca → Professional Development → Webinars for more information.

For specific information on how to implement pay equity in Ontario, please visit www.payequity.gov.on.ca

For more information on the Ontario Ministry of Labour Report, *Closing the Gender Wage Gap*, please click: <http://www.labour.gov.on.ca/english/about/gwg/consultation.php>
