

# FACT SHEET

## Understanding the gender pay gap

Expressed as a percentage or a dollar figure, the gender pay gap is a measure of the difference between women's and men's earnings at an organisation-wide, industry-wide, or national level.

## New Zealand context

The gender pay gap in New Zealand has reduced steadily from 16.3% in 1998 but has fluctuated over the past decade and at 30 June 2024, it sat at 8.2%.

The gender pay gap for wāhine Māori, Pacific and Asian women, and disabled women is significantly higher than the overall national gender pay gap.

Median hourly earnings for all women are currently \$32.08 compared to \$34.95 for all men (as at June 2024). European women had median hourly earnings of \$33.70, but by comparison, Asian women earned \$30.00, wāhine Māori earned \$29.71, and Pacific women earned \$29.00.

## Why does reducing the gender pay gap matter?

There are many benefits to measuring and reporting on gender pay gaps.

Benefits include a more gender equal workplace, increased productivity and morale, and a positive public image as an organisation that recruits, promotes and values without bias.

There are multiple global reports that highlight the positive impacts of gender parity on overall economic performance.

## What causes the gender pay gap?

The gender pay gap is a complex issue.

The differences in education, the occupations that men and women work in, or the fact that women were more likely to work part-time only explain around 20% of the current gender pay gap. We now know the majority (80%) of the gender pay gap is now driven by harder to measure factors like conscious and unconscious bias and differences in choices and behaviours.

## What are the drivers of the gender pay gap?

80% of the gender pay gap is now driven by harder to measure factors like conscious and unconscious bias.

This can exist across recruitment processes, salary settings and increases, performance evaluation, project assignments, bonus and incentive recognition.

- **Make up of senior managers**

Having more senior managers that are men will increase the gender pay gap

- **Starting salary settings**

Initial salary offers may vary due to negotiation differences or biased hiring practices

- **Pay increase settings**

Manager discretion in pay setting can be subject to bias

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- **Performance evaluation and promotion**

If performance evaluation and promotion practices are not fully objective, or they contain discretion, this can lead to gender bias

- **Part-time and flexible work arrangements**

If higher paying or more senior roles offer less part-time or flexible work arrangements this is likely to impact women more than men

- **Bias in project assignments**

Flexible schedules can impact opportunities for project assignments or challenging tasks which in turn can affect eligibility for bonuses or merit-based raises

- **Bonus and incentive structure**

Difference in bonus or incentive structures, if only higher paying or more senior roles are eligible for bonuses or incentive payments this negatively impacts women who are more likely to be in lower paying roles

- **Workplace culture and gender bias**

Unconscious bias can affect decision making in areas such as hiring, performance reviews and promotions. Organisations without clear parental leave and dependent leave policies are more likely to foster a culture that does not support women.

## Reducing the gender pay gap

Given the range of causes, the solution to the gender pay gap is complex.

It requires sustained action over time from employers, employees, business leaders, and government. It also requires a change in societal attitudes and beliefs about women and men, types of work, and organisational leadership.

Pay gaps can be reduced and addressed through understanding, measuring, and reporting on gender pay gaps.



Tools and resources to help you calculate and take action on your organisation's gender pay gap can be found at [women.govt.nz/GPGtoolkit](https://www.women.govt.nz/GPGtoolkit)