

Example of differences in measuring the gender pay gap using the NZIS and QES methods

Firm with three male and three female employees.

	Male			Female		
	Hourly earnings (\$)	Hours worked	Total pay	Hourly earnings (\$)	Hours worked	Total pay
Employee #1	20.00	40	800.00	20.00	40	800.00
Employee #2	20.00	40	800.00	20.00	40	800.00
Employee #3	25.00	30	750.00	25.00	30	750.00
Total		110	2,350.00		110	2,350.00

If these employees were surveyed using the NZIS median hourly earnings would be \$20 for men, and \$20 for women (gender pay gap of zero percent). The QES would calculate average earnings by dividing the total wage bill for men and women by hours work, i.e. $2350/110 = \$21.36$. Again a zero percent pay gap.

However if in the following year, there were no pay changes, but one male employee worked 40 hours instead of 30 hours, this scenario would provide different results.

	Male			Female		
	Hourly earnings (\$)	Hours worked	Total pay	Hourly earnings (\$)	Hours worked	Total pay
Employee #1	20.00	40	800.00	20.00	40	800.00
Employee #2	20.00	40	800.00	20.00	40	800.00
Employee #3	25.00	40	1,000.00	25.00	30	750.00
Total		120	2,600.00		110	2,350.00

In the NZIS, median hourly earnings would still be \$20 for men and \$20 for women (gender pay gap of zero percent).

But using the QES, average earnings for men is calculated by dividing the total wage bill for male employees by the total number of hours worked by men. Therefore average earnings is $\$2600/120 = \21.67 . For women, average hourly earnings will be $\$2350/110 = \21.36 . The gender pay gap is now 1.43 percent even though pay rates have not changed at all.