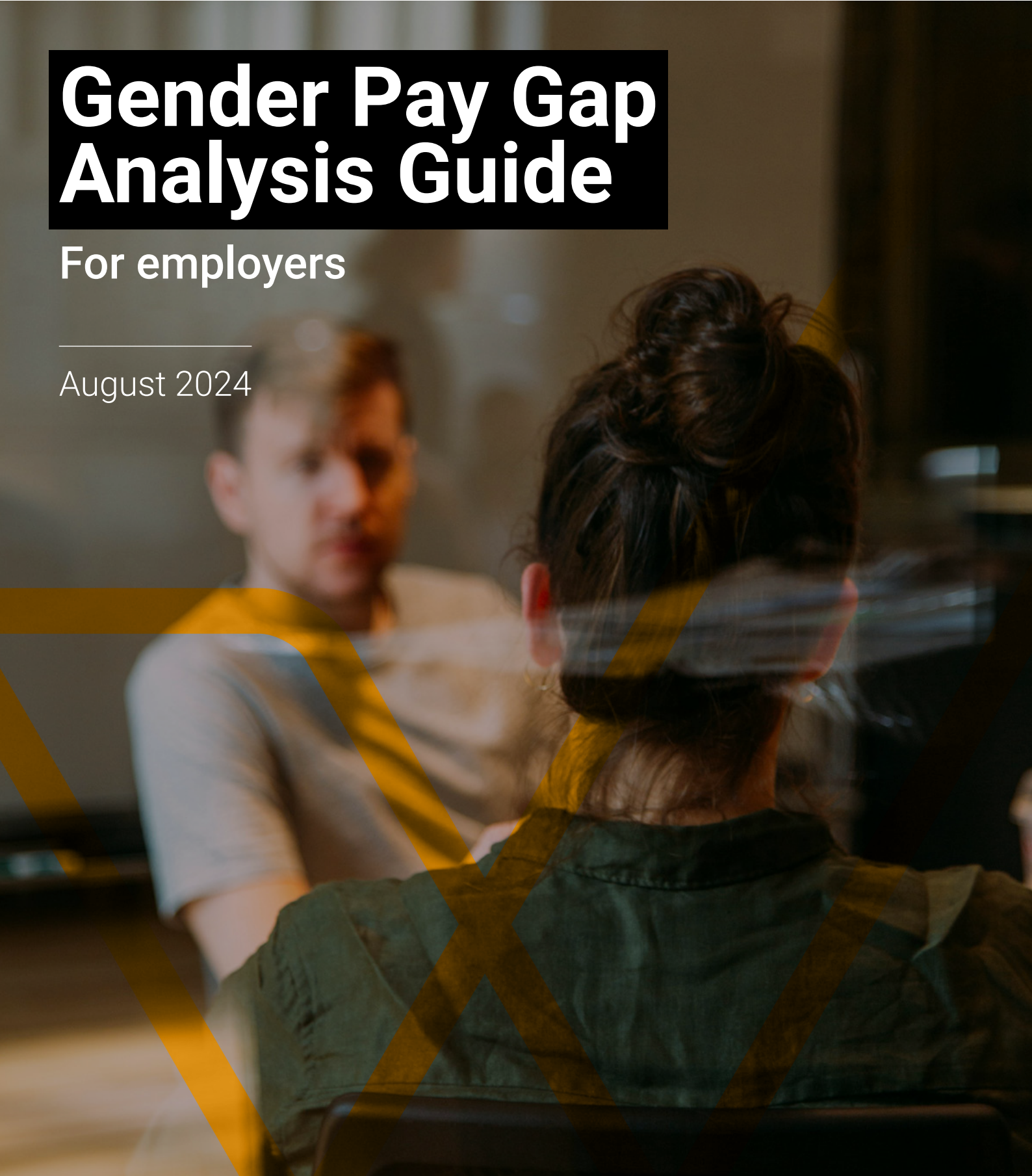


Gender Pay Gap Analysis Guide

For employers

August 2024





Purpose of this guide

This guide is to help you conduct a gender pay gap analysis so that you can identify the drivers of your gender pay gap. Through identifying the drivers, you can then take targeted action to address them and reduce your gender pay gap.

Who is this guide for?

- Business leaders
- Human Resources leaders
- Diversity and Inclusion leaders
- Payroll and finance teams
- Data teams

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Understanding gender pay gap analysis

Why conduct a gender pay gap analysis?

A gender pay gap analysis is the first critical step you should take to understand and reduce your gender pay gap. It uses payroll and demographic data to compare the rates of pay for women and men at different levels of an organisation and highlight inconsistencies in the data. Done effectively, a gender pay gap analysis will expose the drivers of your gender pay gap and pin-point areas for action.

You should perform a gender pay gap analysis annually to measure your progress toward improving or eliminating your gender pay gaps, as well as to identify any emerging gender pay gaps.

What is the gender pay gap?

The gender pay gap is the difference between the average or median earnings of men and women in an organisation. It can be caused by a range of factors, including men dominating higher-paid leadership positions, female-dominated jobs attracting lower wages. It is a good measure of gender equality across a nation, industry or organisation.

The gender pay gap is expressed as a percentage of men's earnings. A positive percentage indicates men are paid more on average than women and a negative percentage indicates women are paid more on average than men.

If your organisation reports to the Workplace Gender Equality Agency (WGEA), the average and median gender pay gaps for both base salary and total remuneration are included in your **Executive Summary**. If you don't know your gender pay gap just yet, calculate it using the equation below.

How is the gender pay gap calculated?

The gender pay gap can be calculated based on the **average** remuneration, or the **median**, or "middle", of a list of remuneration values. Both versions are calculated the same way:

$$\frac{(\text{Average/median remuneration of men} - \text{Average/median remuneration of women})}{\text{Average/median remuneration of men}} \times 100$$

Should I use the median or the average?

The **average** gender pay gap is a good measure to consider if you're interested in **remuneration of the group**, as a whole. As the average is skewed by exceptionally high or low remuneration, i.e. outlier values, it will show if earnings are particularly concentrated for one gender. For example, it will show if there are more men in higher paying positions.

Measuring gender pay gaps by **median**, i.e. the middle number in the range, allows you to understand the remuneration experience of the **typical employee** at a workplace.

How does my gender pay gap compare?

WGEA publishes the median gender pay gaps for employers with 100 or more employees on the **Data Explorer**¹. Some employers write **Employer Statements** to give context to their gender pay gap results.

Employers with a positive gender pay gap pay the 'average/median man' more than the 'average/median woman'. Employers with negative gender pay gaps pay the 'average/median woman' more than the 'average/median man'.

¹ For more information on how WGEA calculates gender pay gaps, view the **Employer Gender Pay Gap Technical Guide**.



WGEA considers gender pay gaps within and including –5% and +5% as neutral, meaning they do not significantly favour either women or men. This range allows for normal business fluctuations and employee movements, while signifying that an employer has a focus on gender equality and is taking action to ensure there is gender equality at all levels of their organisation.

If your organisation reports to the WGEA, you will receive an Industry Benchmark Report. The Industry Benchmark Report compares your organisation’s gender pay gap with other employers in your Industry Comparison Group.

Conduct your gender pay gap analysis

Follow the steps in this section to find out what’s driving your gender pay gap.

1. Choose a snapshot date

Choose a specific ‘snapshot date’ for which you will pull your workforce data. Many workplaces have highs and lows throughout the year, so your snapshot date should be a date which most represents your typical workforce for that year. Ideally, for consistency, your snapshot date is the same one as the one you use if you report to WGEA.

2. Collect the data

Collect employee demographic data, information on the jobs they do, and what they are paid. This information is generally available from your payroll or Human Resources Information System (HRIS). For private sector employers with 100 or more employees, much of this information is submitted annually to WGEA in the **Workforce Profile and Workforce Management Statistics** spreadsheets. You can use the data in these spreadsheets for your gender pay gap analysis².

Table 1 outlines the data you need for these core analysis of key drivers of your gender pay gap. Table 2 lists additional data that you may find useful if you want to do a more detailed analysis.

Table 1 | Data required for a gender pay gap analysis

Submitted to WGEA in the Workplace Profile:
<ul style="list-style-type: none">• Gender³• Base salary• Total remuneration (including base salary, performance payments, allowances, bonuses, cashed-out annual or long service leave payments, share allocations, superannuation, and non-monetary benefits)• Occupational category• Manager/non-manager categories• Graduate/apprentice• Employment status, i.e., full-time, part-time, casual• Employment type, i.e., permanent, contract, casual• Employee year of birth (to calculate age)

² For public sector organisations, some of this data—such as that contained in the Workplace Profile—may be transferred to WGEA automatically through the APSC bulk upload process.

³ Only women and men have been included in the example data sets in this guide. Your employee data may account for the breadth of gender diversity in your organisation, however the data available on non-binary employees can often be incomplete or include only a small number of employees. Therefore, this small or incomplete data set may be insufficient to produce reliable (statistically significant) results.



Submitted to WGEA in the Workforce Management Statistics:

- Promotion outcomes
- Internal and external appointments
- Voluntary resignations
- Parental leave taken

You collect:

- Job level and/or job size (depending on how your organisation categorises jobs). This enables you to conduct 'like for like' analysis of men's and women's pay for the same or comparable work.
- Performance evaluation outcomes
- Pay increases

Table 2 | Data useful for a gender pay gap analysis

Submitted to WGEA in the Workplace Profile:

- Postcode (employee primary workplace location)

You collect:

- Demographic data, such as cultural and linguistic diversity
- Employee education and training attainment
- Years since return from parental leave
- Application and exit data
- Succession plan data (gender of those on formal succession plans)

3. Clean the data

Clean your data so that it is ready for analysis. If you report to WGEA, you will have done this as a part of the reporting process.

- All salaries must be **annualised and in full-time equivalent** amounts⁴. To determine base salary for part-time or casual employees, convert their pay to what they would earn if they worked for a full year at full-time hours.
- For employees paid in a foreign currency, convert the amount to Australian dollars using the exchange rate on the snapshot date.

4. Compare your data with common drivers of the gender pay gap

To uncover the drivers of your gender pay gap, it is useful to start with the most common drivers of the gender pay gap. These are listed below, along with guidance on how to test whether the driver affects the gender pay gap in your organisation.

Common drivers of gender pay gaps are:

- **Women and men paid differently for equal or comparable work (unequal pay)**
- **More men in more senior roles, more women in more junior roles**
- **More men in higher-paid jobs, more women in lower-paid jobs**
- **Unequal participation in part-time work**
- **Inequality in employee movements**

Work through each driver to uncover whether it is affecting your organisation's gender pay gap.

⁴ Calculation methods are outlined on the WGEA [Reporting Guide](#).



Women and men paid differently for equal or comparable work (unequal pay)

How does this drive gender pay gaps?

Unequal pay is not the same as a gender pay gap, although instances of unequal pay can accumulate and contribute to your organisation's gender pay gap.

Equal pay is where employees are paid the same for performing the same role or different work of equal or comparable value, regardless of sex. Equal pay is not just about an equal salary—it also considers total remuneration (discretionary pay, allowances, performance payments, merit payments, bonus payments, and superannuation).

Failure to pay women and men equally for 'work of equal or comparable value' is illegal and may result in your organisation and individuals being exposed to a range of legal claims. Despite the legal requirement, many organisations find that there are differences in what women and men are paid for what seems to be equal work. This could be because of a hiring manager recruiting people at different salaries when they join an organisation based on what they were paid elsewhere, because some people have greater skills or tenure in a role and attract higher pay, or because of bias.

How to analyse your data:

Analyse your data to unearth instances of unequal pay using the steps, below.

- 1. Understand how your organisation classifies jobs.** The data employers report to WGEA classifies jobs by a standard set of 'occupations'. Many organisations classify jobs in standardised and more granular ways to enable a range of Human Resources activities, such as workforce planning and remuneration strategy. Your organisation may have job families, job levels/sizes, or other categorisation structures that can help you identify comparable work.
- 2. Calculate the average and median total remuneration for women and men in roles in the same classification.** A discrepancy between what women and men are paid may indicate instances of unequal pay, that is, that women and men are being paid differently for the same or comparable work. In this case, you might need to look deeper into your data to understand whether tenure in role, skills and qualifications, or other factors may be driving a difference in pay for what appears at first assessment to be unequal pay. If you find instances of unequal pay in your organisation, you are legally obligated to remedy this. Some organisations set aside an annual budget for this purpose.
- 3. Repeat this analysis** with other classifications or job families to uncover further instances of unequal pay.

The example below (Table 3), shows how women and men may, on average, be paid differently for comparable jobs in an organisation.

Table 3 | Occupation average total remuneration by gender

Occupation	Average total remuneration	
	Men	Women
Engineer	\$130,000	\$125,000
Client Success Manager	\$84,500	\$81,000
Business Development Executive	\$90,000	\$78,000
Retail Manager	\$68,000	\$70,000



Consider:

- Do tenure in role, skills and qualifications, or other factors drive a difference in pay for what appears to be comparable work?
- Are employees asked about their previous salary when they are hired? **This can replicate gender pay gaps from previous employers.**
- How are bonuses and additional benefits accessed by men and women?



More men in senior roles, more women in junior roles

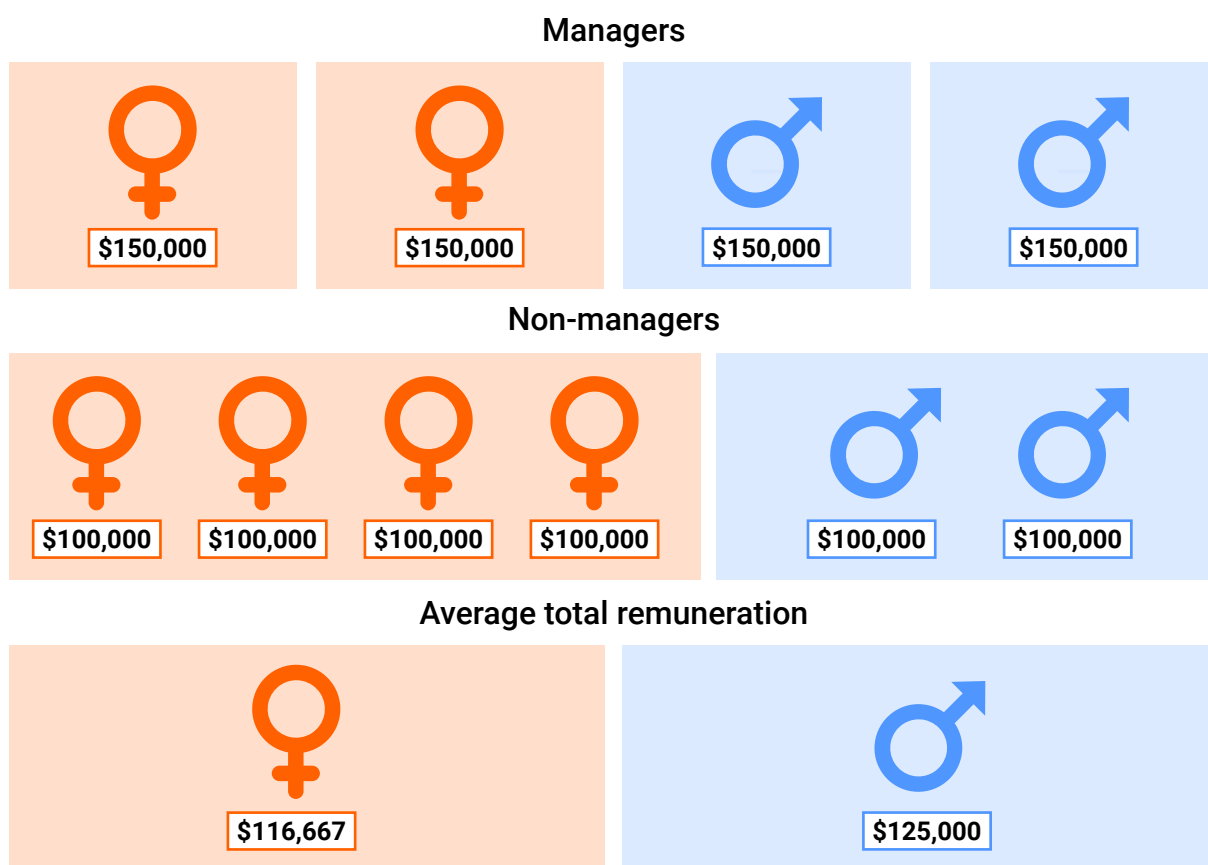
How does this drive gender pay gaps?

In Australia, women are under-represented at leadership and management levels. A gender imbalance in senior roles can drive gender pay gaps, because senior roles tend to be paid more than junior roles. For example, if there are more men than women in senior roles, this will increase the average pay for men in the organisation. Gender imbalance in junior roles can also affect the gender pay gap in a similar way.

How to analyse your data:

1. Compare the average pay for women and men in junior roles⁵. Junior roles could include all non-managers.
2. Compare the average pay for women and men in senior roles. Senior roles could include those classified as managers, as well as senior management positions, such as general managers, executives or key management personnel (equivalent to senior executive service positions in the public sector).
3. Determine whether there is an imbalance in genders across junior and senior roles:
 - Compare the number of women and men in junior roles.
 - Compare the number of women and men in senior roles.

In the example below, the average total remuneration of men and women is equal at a management level (\$150,000) and at the non-manager level (\$100,000). The organisation has an equal number of men and women in management roles, but there is a higher number of women in non-management/junior roles. This imbalance in non-management lowers the average remuneration for women across the organisation, and creates an average gender pay gap in favour of men.



⁵ Comparing gender proportions at the junior levels is critical as it has been shown to have a direct impact on sector-wide gender pay gaps, such as in the public sector.





Consider:

- Are men and women equally represented in leadership, relative to their representation in the organisation's workforce?
For example, if there are 30% women in an organisation are they represented in leadership roles at the same proportion of 30%?
- What is the balance of men and women in succession plans for senior roles?
- Is there a career stage at which women are leaving?
- Are talented employees who work flexibly encouraged and supported to apply for promotions, particularly into management positions?
- Is job redesign supported for all roles, particularly management roles, so that they may be undertaken in a part-time capacity?

More men in higher-paid jobs, more women in lower-paid jobs

How does this drive gender pay gaps?

Some jobs are better paid than others, and this can drive gender pay gaps when:

- There are more women in lower-paid jobs, like administration, frontline service, or care work.
- There are more men in higher-paid jobs, like technicians and trade workers, revenue-generating roles, or data and technology roles.
- A large gender imbalance in an occupation is sometimes referred to as 'occupational gender segregation'. Occupational gender segregation is when women and men tend to do different types of jobs. Within an organisation, this may mean that women and men are concentrated in different roles of business areas.

How to analyse your data:

1. Identify occupations or job types with high pay, for example, in the upper quartile of remuneration.
2. Identify occupations or job types with low pay, for example, in the lower quartile of remuneration.
3. Compare the percentage of women and men in these higher and lower-paid jobs.

In the example below (Table 4), Engineering Lead (with an average remuneration of \$150,000) is a higher-paid role, while Client Success Managers (average remuneration of \$93,000) and Business Development Executive (average remuneration of \$90,000) are in the lower quartile of remuneration for jobs in the organisation. There are more men than women in the higher-paid Engineering Lead roles, and more women than men in the lower-paid roles of Client Success Manager and Business Development Executive. This creates a gender pay gap because the average pay for men (who are mostly in higher-paid jobs) will be higher, and the average pay for women (who are mostly in lower-paid jobs) will be lower.

Table 4 | Proportion of men and women by occupation, and average remuneration by occupation

Occupation	Average total remuneration	% Men in job / total in job	% Women in job / total in job
Engineering Lead	\$150,000	72	28
Client Success Manager	\$93,000	40	60
Business Development Executive	\$90,000	35	65





Consider:

- Are women more likely to be recruited into lower-paid roles in your organisation?
For example, consider the proportion of men and women applying for each role/level, being shortlisted, or accepting roles. Is there a concentration of men in the talent pools for higher-paid roles?
- What is the retention rate for men and women in higher-paid roles?

Unequal participation in part-time work

How does this drive gender pay gaps?

Part-time and casual roles are usually paid relatively less than full-time roles over the course of a year because bonus scheme structures tend to favour full-time employees. Women are over-represented in part-time and casual work in Australian workplaces because they still undertake a majority of society's unpaid caring work. Where significantly more women than men participate in part-time and casual work, this can be a driver of a gender pay gap. Industries with high levels of women's representation are found to have significantly **higher proportions of part-time and casual workers**.

In addition, as more senior (and higher-paid) roles are less often available as part-time roles, women who prioritise working part-time may exclude themselves from these roles. This further contributes to the gender pay gap.

How to analyse your data:

1. Group your employees by employment status (full-time, part-time, or casual).
2. Compare the percentage of women and men for each employment status.
3. Compare the average total remuneration (base salary plus discretionary payments such as bonuses) for full-time and part-time employees where their wages are converted to full-time equivalent pay (what they would be getting paid if they worked full-time for a year).

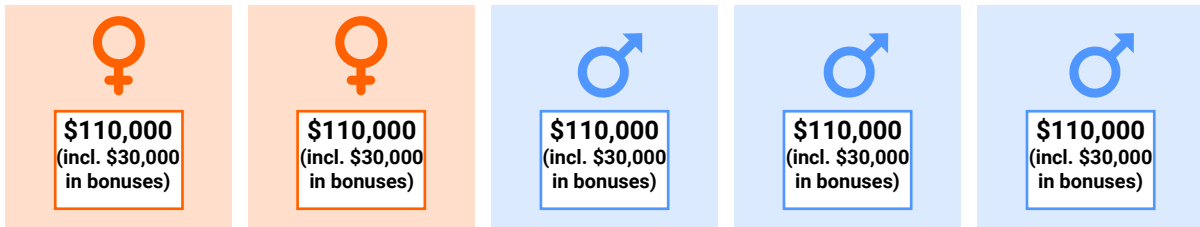
In the example on the next page, when comparing just base pay, women working part-time generally earn more than men working part-time. However, the part-time workforce is mostly women (80%), while men mostly work full-time. This impacts the average total remuneration of the women in the organisation because they have less access to the discretionary pay offered in full-time roles creating a gender pay gap in favour of men.



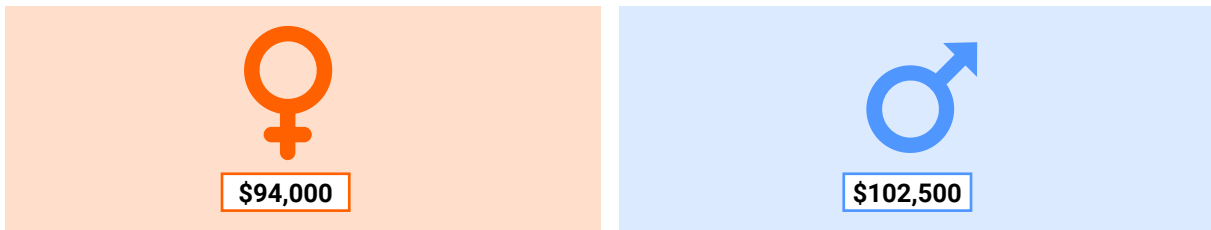
Part-time workforce (annualised pay)



Full-time workforce



Average total remuneration



Consider:

- Are senior roles available as part-time roles?
- Are performance ratings/salary increases of part-time employees comparable with those working full-time?
- Are part-time employees less likely to be promoted, regardless of performance rating?
- Are targets which attract bonuses pro-rata for part-time employees?
- Are men encouraged and supported to work part-time?
- Do long-term casual staff have opportunities to become permanent?

Inequality in employee movements

How does this drive gender pay gaps?

Unintended gender biases in hiring, promotion, performance and pay decisions can affect women's opportunities for career advancement, impacting women's pay and contributing to a gender pay gap.

Part-time and flexible workers can be perceived as showing less commitment, limiting these workers' access to the career development opportunities necessary to advance to senior leadership. This affects women most because they are more likely to request part-time and flexible work. In Australia, men are more likely to be promoted and are more likely to be promoted into management positions, which are likely to be higher paid.

How to analyse your data:

1. Compare the percentage of women and men who were hired at each job level.
2. Compare the percentage of women and men who were promoted at each job level.
3. Compare the percentage of women and men who resigned at each job level.
4. Compare performance ratings and average pay increases for women and men at each job level.
5. Compare performance ratings and average pay increases for women and men in equal and comparable roles.



In the example below (Table 5), the employer has analysed the movement of managers in its workforce, investigating the proportion of women and men managers who have been appointed, promoted, and resigned within the organisation. The data highlights some areas of concern, such as a higher resignation rate for women managers and a greater promotion rate for men managers.

This contributes to the gender pay gap as men are promoted into higher paying management roles in the organisation, more often, increasing the overall average total remuneration of men. In contrast, higher resignation rates for women managers causes a decrease of the total average remuneration of women, due to fewer women holding these higher paying management positions.

Table 5 | Managers who have been promoted, resigned, or appointed by gender

	Women (%)	Men (%)
Resignations	60	40
Promotions	35	65
Appointments (excluding promotions)	48	52

In the example below (Table 6), women managers receive lower pay increases than men managers, despite having similar performance scores, which could contribute to a lower average total remuneration.

Table 6 | Average pay performance rating and pay increases for managers by gender

	Women	Men
Average performance rating (/5)	4.3	4.4
Average annual pay increase	\$8,500	\$10,000



Consider:

- Are talented employees who work part-time encouraged and supported to apply for promotion, particularly into management positions?
- Are performance ratings outcome and evidence-based?
- Are employees in more senior and higher-paid roles able to negotiate flexible working arrangements?
- Are women and men rewarded the same amount for the same performance levels?

Further analysis

In addition to the analysis of the drivers above, you may want more granular insight into what is happening in your workforce so that you can take more targeted action. To do further analysis, you could compare men’s and women’s remuneration:

- **In different divisions or locations of your organisation.** Some organisations find that local leadership can be a factor in gender pay gaps, with some divisions outperforming others in terms of their gender pay gap.
- **By employee age or other characteristics** that are known to influence how much employees are paid and for which you have data. For example, Aboriginal and Torres Strait Islander Identity, cultural and linguistic diversity, or disability. You could determine the average remuneration for each group and compare this with the average of other groups or with the whole organisation.

Hint: When segmenting your total employees into smaller groups, it is important to take care with small sample sizes, as these can produce less reliable analysis. WGEA does not publish results for groups with fewer than five employees.



5. Summarise your findings

After your analysis, what are the significant drivers of your gender pay gap?

- Women and men paid differently for equal or comparable work
- More men in leadership roles, more women in junior roles
- More men in higher paid jobs, more women in lower paid jobs
- Unequal participation in part-time work
- Inequality in employee movements

Using the findings of your gender pay gap analysis, summarise the drivers of your organisation's gender pay gaps so that these insights can be shared with stakeholders and inform targeted action⁶ to address those drivers.

Your summary should include:

- Your organisation's average and median gender pay gap (calculated based on base salary and total remuneration)
- Key drivers of your organisation's gender pay gaps, as identified by your analysis, such as concentration of women in lower-paid jobs
- Other insights from your further analysis (for example, that New South Wales offices have a greater proportion of women in leadership than those in Victoria)
- Any suggested actions to rectify the gender pay gap.

Suggested additional resources

Understanding the gender pay gap

[WGEA gender pay gap analysis masterclasses](#) | Workplace Gender Equality Agency

[What is the gender pay gap?](#) | Workplace Gender Equality Agency

[Closing your gender pay gap](#) | Government Equalities Office (UK)

[Understanding the gender pay gap](#) | ILO

[Understanding the gender wage gap](#) | Women's Bureau, U.S. Department of Labor

Calculating, analysing and reporting your gender pay gap

[Employer Gender Pay Gaps Snapshot](#) | Workplace Gender Equality Agency

[Employer Gender Pay Gap Technical Guide](#) | Workplace Gender Equality Agency

[Gender pay gap toolkit](#) | Ministry for Women (Aotearoa New Zealand)

[Organisational gender pay gaps: Measurement and analysis guidelines](#) | StatsNZ

Narrowing the gender pay gap

[Employer guidance on developing policies and strategies for the 6 Gender Equality Indicators](#) | Workplace Gender Equality Agency

[Gender Pay Gap Employer Statement Guide](#) | Workplace Gender Equality Agency

[Workplace Gender Equality Agency Action planning tool](#) | Workplace Gender Equality Agency

[How to improve gender equality in the workplace – evidence-based actions for employers](#) | Behavioural Insights Team

⁶ WGEA's [Gender Strategy Toolkit](#) and [guidance on developing an equal remuneration policy and/or strategy](#) can help you with design your gender equality and pay strategies.

