

Gender Pay Gap Analysis Guide

For employers

What is this guide for?

This guide will take you through the process of gender pay gap analysis, to help you understand what is driving your organisation's gender pay gap. Through identifying the drivers of your gap, you will be able to take action to address them.

Who is this guide for?

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

Why should you do a gender pay gap analysis?

A gender pay gap analysis will highlight the factors that are driving your organisation's gender gap, and from there, you can target actions to address those factors. A gender pay gap analysis is the first critical step in narrowing the gap. This guide outlines how to conduct a gender pay gap analysis yourself.

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1. What is the gender pay gap?

The gender pay gap is the difference in average earnings between women and men. It is the best way to measure and track gender equality across a nation, industry or within an organisation. Expressed as a percentage, a positive percentage indicates men are paid more on average than women. A negative percentage indicates women are paid more on average than men. While you should strive for a 0% gap, anything between -5% and 5% can be considered acceptable performance. This tolerance threshold accounts for workforce changes which may occur each year.

The gender pay gap is always calculated in the following way:

$$\text{Gender Pay Gap} = \left(\frac{\text{Average men remuneration} - \text{average women remuneration}}{\text{Average men remuneration}} \right) \times 100$$

What varies in the calculation is the definition used for 'earnings' (i.e., base salary or total remuneration) and which women and men are included (i.e. just full time employees or part-time and casual employees also).

The gender pay gap may be calculated based on the **average** remuneration, or the **median**, the middle figure in the list of remuneration values. The median value is often used, as it is less skewed by outlier values. For example, a high CEO salary which will increase the average remuneration value.

Many employers are surprised to discover they have a gender pay gap, as *equal pay* - paying women and men the same for the same, or comparable, job - is a legal requirement. However, equal pay is not the same as the gender pay gap. The gender pay gap can be caused by a range of factors, including women and men working in different jobs, female-dominated jobs attracting lower wages, high rates of lower-paid part-time work for women and other factors.

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. For more information on how to calculate your gender pay gap visit [Calculating gender pay gaps \(GPG\) | WGEA](#).

2. Create a data snapshot

To enable analysis of your data to understand your gender pay gap, create a snapshot of your workforce on an 'average' day in your organisation. Select a date which is most representative of your typical workforce for that year, for example, if your organisation has seasonal highs and lows. Ideally your snapshot date is the same one as the one you use if you report to WGEA. This will ensure the calculations are comparable. When you have chosen your snapshot date, collect the data listed below for that date.

Collect the data

To conduct a gender pay gap analysis, you need 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 the information below is submitted annually to WGEA in the Workplace Profile¹ and Workforce Management Statistics² spreadsheets, so you can use that data for this analysis³.

Table 1 outlines the data you need for the core analysis of key drivers of your gender pay gap. Table 2 (on the next page) identifies additional data that you may find useful if you want to conduct more detailed analysis of factors that may contribute to your gender pay gap.

TABLE 1: Data required for a gender pay gap analysis

Submitted to WGEA in the Workplace Profile:	<ul style="list-style-type: none"> → Gender⁴ → 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)
Submitted to WGEA in the Workforce Management Statistics:	<ul style="list-style-type: none"> → Promotion outcomes → Internal and external appointments → Voluntary resignations → Parental leave taken
You collect:	<ul style="list-style-type: none"> → 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.

¹ Guidance on the data collected in the Workplace Profile is available on the [WGEA website](https://www.wgea.gov.au).

² Guidance on the data collected in the Workforce Management Statistics is available on the [WGEA website](https://www.wgea.gov.au).

³ Note that 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,

⁴ Note that 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 (less than 0.1% of employees reported to the Workplace Gender Equality Agency in 2021-22 were classified as non-binary). Therefore, this small or incomplete data set may be insufficient to produce reliable (statistically significant) results.

TABLE 2: Data useful for a gender pay gap analysis

Submitted to WGEA in the Workforce Profile:	<ul style="list-style-type: none">→ Postcode (employee primary workplace location)
You collect:	<ul style="list-style-type: none">→ Demographic data, such as cultural and linguistic diversity→ Employee education and training attainment→ Performance evaluation outcomes→ Years since return from parental leave→ Application and exit data→ Succession plan data (gender of those on formal succession plans)

Prepare the data

To analyse gender pay gaps, all salaries are required to be annualised and in full-time equivalent amounts. For **part-time or casual employees**, when determining base salary, convert their pay to what they would earn if they worked for a full year at full-time hours. Calculation methods are outlined on the [WGEA website](#).

For **employees paid in a foreign currency**, when determining base salary, convert the amount to Australian dollars using the exchange rate on the snapshot date.

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

The most common drivers of gender pay gaps are listed below, along with guidance on the analysis you can conduct on your data to test whether this is the case in your organisation.

Common drivers of gender pay gaps:

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

In addition to the analysis of the drivers above, you may want to get further granular insights into what is happening in your workforce so that you can take more targeted action. For example, you may gain useful insights by analysing differences in 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.

Note that, in conducting more granular analysis and 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.

Women and men paid differently for equal or comparable work

How does this drive gender pay gaps?

In Australia, under the *Fair Work Act 2009* employers must pay women and men equally for 'work of equal or comparable value'. This is known as '[equal pay](#)', and means that:

- men and women performing the same work are paid the same amount
- men and women performing different work of equal or comparable value are paid the same amount.

Equal pay is not just about an equal salary, it considers total remuneration (discretionary pay, allowances, performance payments, merit payments, bonus payments, and superannuation). 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.

Failure to pay women and men equally for 'work of equal or comparable value' may result in your organisation and individuals being exposed to a range of legal claims. However, 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:

- Understand how your organisation classifies jobs. The data that 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.
- Using the job classification framework you have identified, look at examples of comparable work. It is more valuable to start with a job classification that has a large number of employees (e.g., frontline staff, operations).

- Where you have identified instances of comparable work, compare the average remuneration for women and men (ideally using total remuneration - base salary plus other types of pay). A difference in average total remuneration would indicate that men and women are being paid differently for the same or comparable work.
- Repeat this analysis with other classifications or job families to identify further drivers of your gender pay gap.

You may find discrepancies in what men and women are paid, even if the employees share the same job title or occupation. 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 comparable work. **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.

The example below 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	\$97,000	\$94,000
Client Success Manager	\$84,500	\$81,000
Business Development Executive	\$90,000	\$78,000
Retail Manager	\$68,000	\$70,000



Consider:

- Does 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 in other organisations](#)ⁱ
- How are bonuses and additional benefits accessed by men and women?

More men in leadership roles, more women in junior roles

How does this drive gender pay gaps?

Senior roles tend to be paid more, so when there is a gender imbalance in senior roles, this can drive gender pay gaps. In Australia, women are under-represented at leadership and management levels. Women made up roughly half of the employees in the [2021-22 WGEA dataset](#) reported by Australian employers, however, they comprised only:

- 41% of all levels of managers
- 22.3% of CEOs.

Note that in around 10% of organisations, there are more women in leadership roles than men. This drives a negative gender pay gap, which is a pay gap in favour of women. Read more about [women in leadership](#).

How to analyse your data:

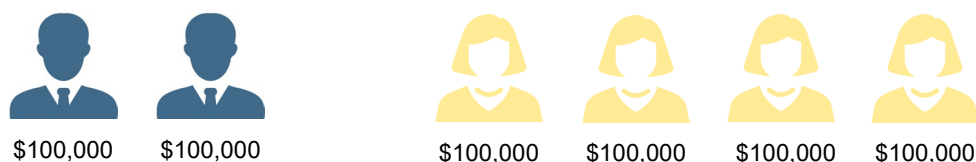
- Compare the percentage of women with the percentage of men in more senior roles, for example, those classified as managers, as well as those in senior management positions, including general managers, or key management personnel (equivalent to senior executive service positions in the public sector).
- Compare the percentage of women with the percentage of men in more junior roles, for example, those classified non-managers. 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](#).

In this example below, an organisation has an equal number of men and women in management roles, but a higher proportion of women in non-management/junior roles. Although the average total remuneration of men and women is equal at a management level and at the non-manager level, the higher number of women in non-management lowers the average remuneration for women across the organisation. This creates a gender pay gap in favour of men.

Managers



Non-managers



Average total remuneration men:
\$125,000

Average total remuneration women:
\$116,667

Employer gender pay gap for this sample: 6.7%



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 types of work are better paid than others, and this will drive the gender pay gap 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 revenue-generating roles, highly skilled data and technology roles, or engineering managers.

A large gender imbalance in an occupation is sometimes referred to as occupational gender segregation.

How to analyse your data:

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

In the example below, Engineering Lead (with an average remuneration of \$150,000) is a higher-paid role, while Client Success Managers (average remuneration of \$93,00) and Business Development Executive (average remuneration of \$93,00) 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 do mostly do higher-paid jobs) will be higher, and the average pay for women (who mostly do 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.ⁱⁱ
- 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 workersⁱⁱⁱ.

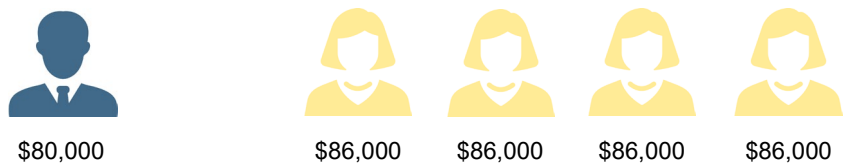
In addition, as more senior (and higher paid) roles are less often available as part-time roles, women who prioritise working part-time may exclude themselves from these roles. This further contributes to the gender pay gap.

How to analyse your data:

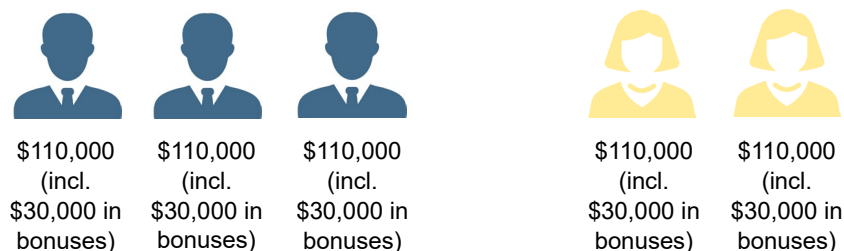
- Group your employees by employment status (full-time, part-time, or casual)
- Compare the proportion of women and men for each employment status
- Compare the average total remuneration (i.e., including discretionary payments such as bonuses) for full-time and part-time employees where their wages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

In this example below, the part-time workforce of an organisation is mostly women (80%), while men mostly work full-time. This has a consequent impact on the average total remuneration of women in the organisation, who may have less access to discretionary pay due to not working full-time. The higher proportion of women with part-time roles will have the effect of decreasing the average total remuneration of women and creating a gender pay gap in favour of men. However, it's important to note that, when comparing base pay, women working part-time generally earn more than men working part-time.

Part-time workforce



Full-time workforce



Average total remuneration men:
\$102,500

Average total remuneration women:
\$94,000

Employer gender pay gap for this sample: 8.3%



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 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?
- Are part-time employees less likely to be promoted, regardless of performance rating?

Inequality in employee movements

How does this drive gender pay gaps?

[Unintended gender biases](#)^{iv} in hiring, promotion, performance, and pay decisions can lead to a gender pay gap. Part-time workers, who are mostly women, currently experience reduced promotional opportunities. That is, men are more likely to be promoted, and more likely to be promoted into management positions than women. As women make up fewer management positions, this means they are more likely to have greater mobility in their roles (such as through appointments or resignations).^v

Gender biases can affect women's ability to advance within organisations and can be observed in the performance evaluation feedback women and men receive and the opportunities women receive for career development. For example:

- Stereotypical beliefs that women are less committed to their work limit women's exposure to the career development opportunities necessary to advance to senior leadership roles. Find out more about [gender equitable recruitment and promotion](#).
- Flexible or part-time work is often perceived as career limiting and women are more likely to request flexible working arrangements^{vi} because they still undertake most of society's unpaid caring work. Find out more about [flexible work](#) and [unpaid caring work](#).

How to analyse your data:

- Compare the number of women and men who were hired at each job level
 - Compare the number of women and men who were promoted at each job level
 - Compare the number of women and men who resigned at each job level
 - Compare performance ratings and pay increases for women and men at each job level
- Compare performance ratings and pay increases for women and men in equal and comparable roles.

In the scenario below, an 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, demonstrating a higher resignation rate for women managers and a greater promotion rate of men managers.

This would contribute to the employer's overall gender pay gap as men would be promoted into more higher-paying management roles in the organisation, increasing the overall average total remuneration of men. In contrast, higher resignation rates of women would result in 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

	Proportion women (%)	Proportion men (%)
Resignations	60	40
Promotions	35	65
Appointments (excluding promotions)	48	52



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?

4. Summarise your findings to focus action

To consolidate the results of your gender pay gap analysis, consider developing a summary document to share with your board and other stakeholders that includes:

- 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 gap, as identified by your analysis, e.g., concentration of women in lower-paid jobs (see the checklist below)
- Other insights from your analysis, for example, from additional analysis you have conducted
- Any suggested actions to rectify the gender pay gaps – you may find it useful to draw on the resources referenced in this guide.



After completing your analysis, which are the common drivers of your employer 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

Share your insights with stakeholders to build a shared understanding of what is driving gender pay gaps in your organisation. Then use these findings to inform action by drawing on WGEA's [Gender Strategy Toolkit](#). You should also perform a gender pay gap analysis annually to measure progress on improving or eliminating your gender pay gaps, as well as to identify any emerging gender pay gaps. For example, some organisations that have made progress on their gender pay gap find that their gender pay gap is made worse following an acquisition of another organisation.

Suggested additional resources

Gender pay equity

[Gender pay equity: Best practice guide](#) | Fair Work Ombudsman

[Pay equity](#) | The University of Queensland

[Fair Work Act 2009 \(Cth\)](#)

Calculating, analysing and reporting the gender pay gap

[What's my gender pay gap?](#) | Ministry for Women (Aotearoa New Zealand)

[Gender pay gap reporting guide](#) | CIPD

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

Understanding the gender pay gap

[Eight ways to understand your organisation's 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

Narrowing the gender pay gap

[Four steps to developing a gender pay gap action plan](#) | Government Equalities Office (UK)

[Reducing the gender pay gap and improving gender equality in organisations: Evidence-based actions for employers](#) | Government Equalities Office (UK)

[Closing the gender pay gap: Actions for employers](#) | Ministry for Women (Aotearoa New Zealand)

Endnotes

ⁱ BBC News (2021), Stop asking about salary history, employers urged, viewed 15 August, 2023, available: [Stop asking about salary history, employers urged - BBC News.](#)

ⁱⁱ UK Government (2020), Eight ways to understand your organisation's gender pay gap, viewed 15 August, 2023, available: [Eight ways to understand your organisation's gender pay gap - Gender pay gap service \(gender-pay-gap.service.gov.uk\)](#)

ⁱⁱⁱ Diversity Council Australia, Workplace Gender Equality Agency (2022), She's Price(d)less: The economics of the gender pay gap (2022), viewed 17 August, 2023, available: [Fourth edition of the She's Price\(d\)less report released | WGEA](#)

^{iv} Workplace Gender Equality Agency (2019) Gender equitable recruitment and promotion, viewed 15 August, 2023, available: [Gender equitable recruitment and promotion | WGEA.](#)

^v Workplace Gender Equality Agency (2022) Australia's Gender Equality Scorecard, viewed 12 October, 2023, available: [WGEA-Gender-Equality-Scorecard-2022.pdf](#)

^{vi} Workplace Gender Equality Agency (2016), Unpaid care work and the labour market , viewed 15 August, 2023, available: [Unpaid care work and the labour market | WGEA.](#)