



Pay gap types and causes

This infosheet is a supplement to our [Equitable compensation in the workplace](#) resource. It goes into further detail on different types of pay gaps and their causes, relating to:

- Gender
- Caregiving
- Race
- Indigenous identity
- Disability



In 2022, BCOHRC conducted research on employment equity in B.C. through:

- Hosting focus groups on employment equity with employers from diverse sectors¹
- Conducting a poll of a representative sample of over 1,000 employed adults in the province

Findings from this research help to inform our employment equity toolkit.

Several different issues create or broaden pay gaps. These can be:

- Systemic issues at play before applicants even accept their first job (for example, systemic racism, sexism or ableism)
- Factors that emerge later and are often tied to significant life changes (for example, caregiving responsibilities or an acquired disability)

As we think about pay gaps, it's important to consider how discrimination based on multiple identity traits can overlap and increase adverse impacts for some people. This is often called intersectionality. It means that discrimination can be based on combinations of gender, race, class, sexuality, immigration status, disability or other identity characteristics.²

The rest of this infosheet explores pay gaps and their causes relating to certain underrepresented groups in the workplace.

- In this document we talk about gaps in pay as pay gaps. In other literature, these are sometimes also referred to as wage gaps.

Gender pay gap

This gap commonly refers to inequities in pay between men and women. Despite progress towards gender equity in some aspects of our society—such as in post-secondary education³—**data on pay in B.C. shows that on average women are still paid less than men**. This is particularly the case for women who are racialized, newcomers to Canada, disabled, Indigenous and trans.⁴

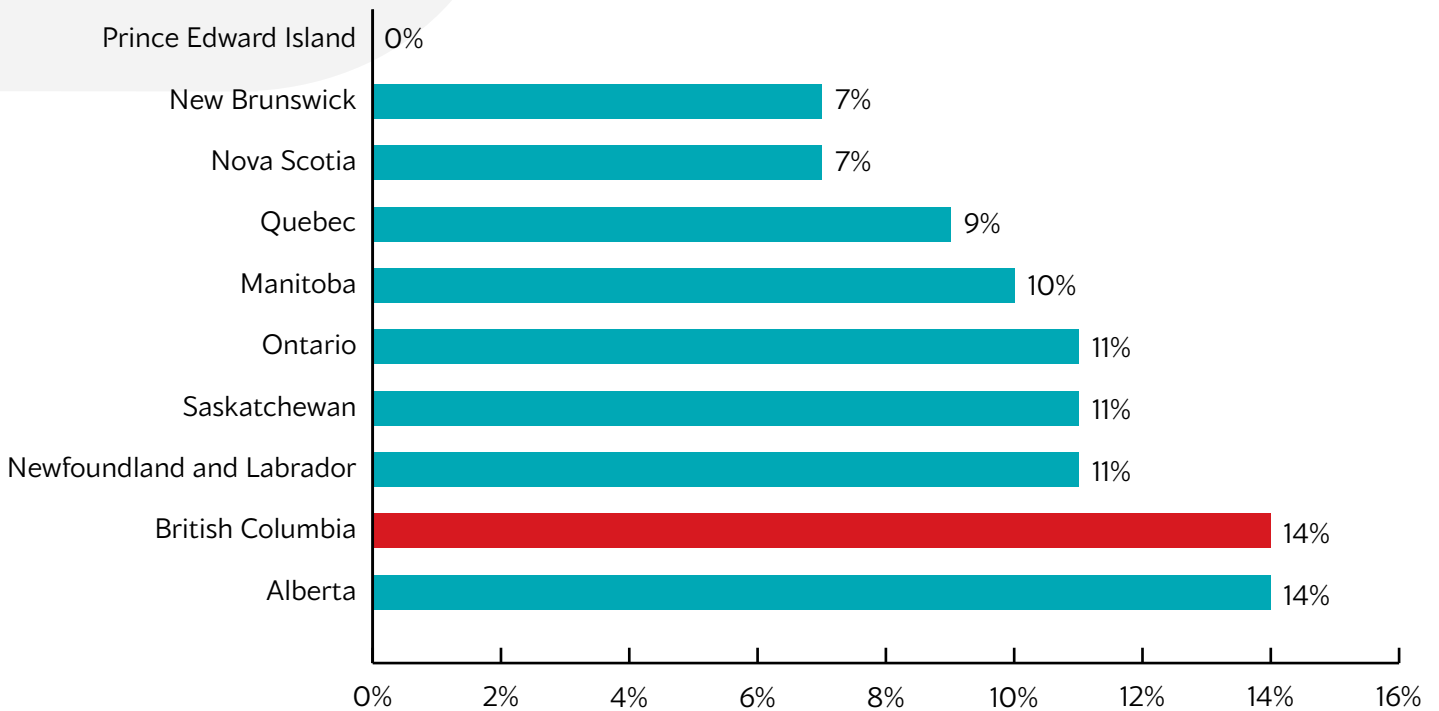
- In 2021, B.C. and Alberta had the worst gender pay gaps in Canada (14% each)⁵
- On average, women in B.C. working full-time earn 86.5 cents to each dollar earned by men⁶
- On average, men out-earn women in every industrial sector with varying gaps across each⁷

There is less available data on how the gender pay gap may impact non-binary people in B.C.

- You will find more information on the gender pay gap in this resource because of more data being available on this gap. It's important to address all gaps equally and to seek more data where we are lacking it in order to do so.

Gender pay gaps across Canada, 2021

Pay gaps in this graph* are based on average hourly wages.



*Recreated from: Statistics Canada, Table 14-10-0340-02 Average gender wage ratio, annual⁸

Compounded over the course of someone's career, such differences in pay can have a significant impact on lifetime earnings.

Analysis in the United States shows that on average, the gender pay gap costs women more than \$530,000 (USD) over the course of their lifetime. For college-educated women, it is nearly \$800,000 in lost earnings.⁹

If employers fail to put adequate employment equity policies and practices in place—and governments fail to require employers to do so—the trends we see today can result in women losing advancement opportunities, seniority and wages.¹⁰



What can cause gender pay gaps

Gender pay gaps can be linked to discrimination or unconscious bias present in the hiring, promotion and compensation process.

This combined with societal expectations and choices dominantly associated with gender roles can cause women to be:

- Less likely to hold leadership positions
- Less likely to work in unionized environments
- More likely to work in historically gendered and undervalued sectors

Men are less likely to shift to part-time hours or leave and re-enter the workforce for family or caregiving needs.

Whether by choice or out of necessity, women are more likely to fill these roles. In doing so, they can be forced out of the workforce by:

- An absence of adequate wage replacements for people on leave
- A lack of accommodations or flexibility in the workplace
- The persistent bias of an imagined “unencumbered worker” who has no obligations outside of work

Even though men are also involved in caregiving, studies suggest that:

“[W]omen are more intensely involved in care, dedicating more hours to care, providing more hands-on care, and making more compromises in terms of their paid employment choices to continue to provide care.”¹¹

Caregiver pay gap

Caregivers often face a wage penalty when they take time off work or go on leave to care for others.

A survey of B.C. family caregivers (who care, for example, for elders or adult children with disabilities) indicated that:

- Only 8% of respondents were able to take a paid leave when caring for others
- Roughly 20% took unpaid leaves
- Over 35% used up vacation time
- 25% used up their sick time to meet caregiving obligations¹²

The caregiver pay gap disproportionately impacts women because they continue to occupy a societal role as primary caregivers for children, aging parents and other dependents. This dynamic may be experienced differently by parents who are transgender, in same-sex relationships or single fathers.

The “motherhood penalty”

Women in Canada pay a “motherhood penalty” where their earnings after having children drop:

- Below what women without children make
- Below what men with or without children make

This penalty is shown to last for at least five years.

The “fatherhood bonus”

Men in heterosexual relationships receive a “fatherhood bonus” where their earnings after having children increase:

- Above what women with or without children make
- Above what men without children make¹³

This pay increase can compound over the rest of their careers.

Women and the caregiver pay gap in Canada



Since the 1960s, there has been a dramatic increase in women entering the paid Canadian labour market. However, their share of unpaid work (mostly domestic labour and caregiving) has remained fairly consistent.¹⁴

As described by the Organization for Economic Co-operation and Development:

“Across all regions of the world, women spend on average between three and six hours on unpaid care activities, while men spend between half an hour and two hours [per day].”¹⁵

In 2019, women represented 47.4% of the Canadian workforce. Yet, they also continue to manage an unequitable amount of the domestic labour at home.¹⁶ This unpaid care work is foundational, not only to families but to the economy.¹⁷

When this unpaid work is done in addition to paid labour, it creates a “double shift” that leaves less time for leisure, education or other professional pursuits.¹⁸

Human rights protections recognize that there is a societal benefit to people having and caring for children, and that the cost of doing so should not be disproportionately borne by women.¹⁹ Having children and caring for others is good for society, but disadvantaging the women who do this work is not.

What can cause caregiver pay gaps

Caregiving can incur lost income and slowed career momentum.

This can impact compensation rates even after caregivers return to work full-time. This is despite the crucial responsibility caregivers have, and the valuable skillset the role requires.

Caregivers may leave the workforce altogether due to various pressures present in society and a lack of equitable support at home or work.

Whether by choice or necessity, attending to caregiving needs can create a pay gap that compounds over a lifetime.²⁰

The impact of COVID-19 on women in the workforce

The onset of the COVID-19 pandemic resulted in 1.5 million women losing their jobs across Canada. Their participation in the Canadian labour force dropped to its lowest rate in over 30 years. Within just the first months of the pandemic:²¹

- 7% of mothers with young children left the workforce compared to 4% of fathers
- 12% of single mothers left the workforce

The drop in employment in 2020 was sudden and disproportionately impacted women. By 2021, fulltime employment had rebounded to pre-pandemic rates but many people returned to jobs that paid less, had lower seniority and fewer benefits, and were less stable.²²



Racial pay gap

The racial pay gap is deeply rooted in Canada and persists for generations. Racial and gender pay gaps identified in 2015 were relatively unchanged from what they were in 2005.

In 2015, racialized men earned 78 cents for every dollar earned by non-racialized men. Racialized women, facing compounding racism and sexism, earned 59 cents for every dollar earned by non-racialized men.²³

The racial pay gap persists even between Black and white graduates from the same Canadian university with the same credentials.²⁴

In 2021, university-educated racialized people earned just 86.4 cents to their white peers' dollar.²⁵

There is a racialized pay gap between recent immigrants too. Non-racialized immigrants do better in the Canadian labour market sooner than racialized immigrants.

Racialized migrant women earn 79 cents for every dollar that a white migrant woman earns.²⁶

This trend extends into the second and third generations.²⁷

Greater expectations, greater burden

Black, Indigenous and other racialized employees are often expected to educate their colleagues and supervisors about racism, or support other racialized students or coworkers through experiences with racism.

This is additional labour that can be emotionally and intellectually draining. It is typically expected to be done for free in addition to other work. This creates an added burden on people who are already undercompensated for their work.²⁸



Indigenous pay gap

Indigenous Peoples continue to face economic inequities and barriers to equal participation in the economy.²⁹

Compared to the average income of white Canadians in 2016, First Nations women experienced an 11–14% pay gap and First Nations men experienced a 16% gap.³⁰

Where someone lives also impacts how severe the pay gap is likely to be. For example, First Nations people working in Winnipeg face a 29% pay gap.

This pay gap is created by many interconnected factors relating to historic and ongoing colonization and racism. Where someone lives, the jobs available in a region, caretaking responsibilities, educational opportunities and countless other aspects connected to colonialism all play a role. Trends relating to different types of jobs held by Indigenous and non-Indigenous people can also lead to considerable differences in terms of income level, job stability and working conditions.

For example, data from 2010 indicated that Indigenous Peoples were more likely to work in jobs that paid lower wages, were more vulnerable to economic downturn, included higher risk of workplace injury and/or offered only seasonal employment.³¹

While Indigenous adults are less likely to be employed all year and more likely to hold more than one job—making it challenging to earn higher wages—they have made gains in employment outcomes in recent decades.

The proportion of Indigenous women with a bachelor's degree or higher has almost doubled from 10% in 2007 to 18% in 2021, increasing their employment prospects.³²

Disability pay gap

Disability severity and type have been shown to have negative impacts on earnings.

Research by Canadian Heritage found that the income of middle-aged women with mild disabilities was 24% less than that of their male counterparts and 13% less than that of women without disabilities.³³

What can cause disability pay gaps

Employers often make assumptions about the capacity of people with disabilities and underestimate their ability to be successful in the job.

Such unconscious bias makes it difficult for people with disabilities to find work and results in them being more likely to work part-time and in low-paid occupations.

Some people with disabilities face difficulty finding employment of any kind, leading them to accept positions they are overqualified for.

People who are “underemployed” in jobs that do not match their talents and abilities are then paid less and put at a disadvantage when applying for future positions.³⁴

Pay tends to drop at the onset of a new disability.

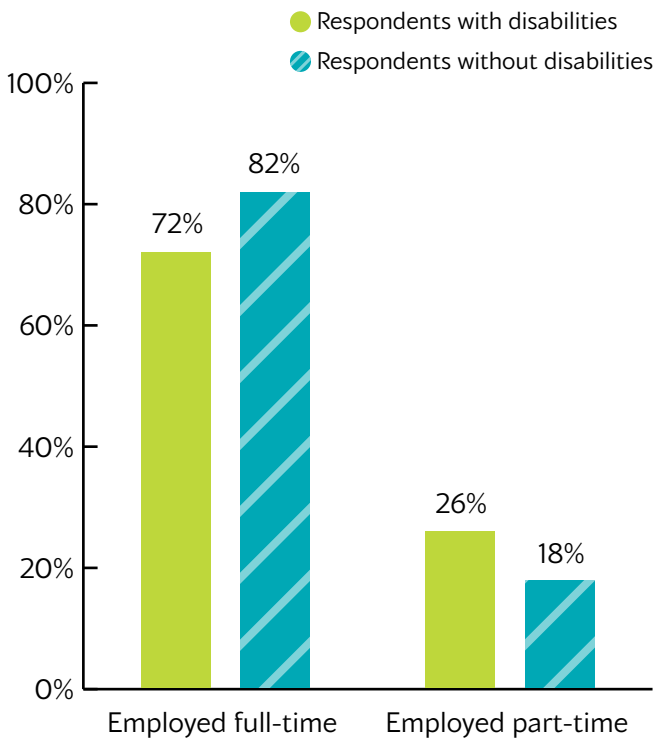
Though employees may recover their pay a few years after the onset of their temporary disability, they may never do so completely. This means that even temporary disabilities have a long-lasting impact on pay, and the longer a disability may last the larger the impact may be.³⁵



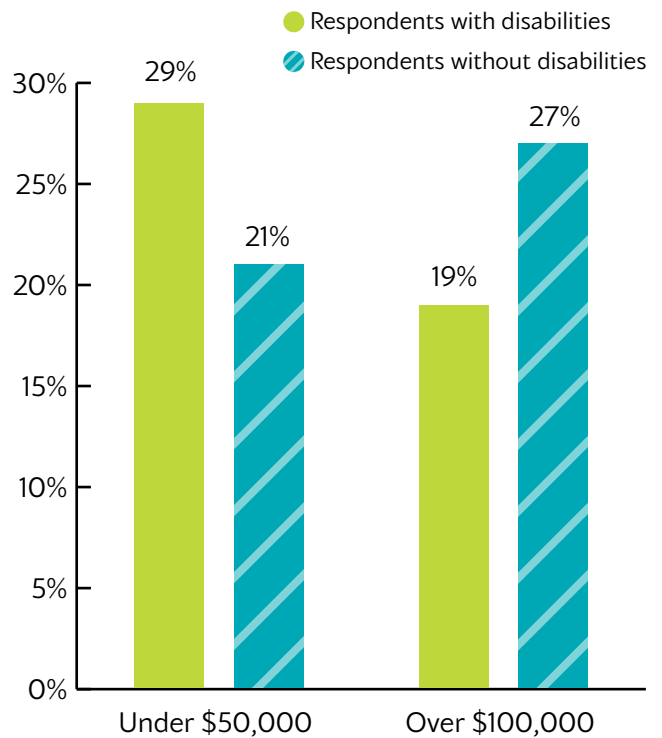
Workforce representation and earnings of people with disabilities, 2022

BCOHRC's poll found that compared to the average response, respondents with disabilities were less likely to report being employed full-time and more likely to report working part-time. Respondents with disabilities were also more likely to report earning less than \$50,000 annually and less likely to earn over \$100,000.

Workforce representation of people with disabilities



Average earnings of people with disabilities



- ▶ See the [State of employment equity in British Columbia](#) for more information on the representation of people with disabilities in B.C.'s workforce.

Please note that this infosheet provides general information. It is not legal advice. We hope you find it useful but encourage you to seek legal advice about how to implement our guidance in your workplace, including how collective agreement terms or other legal obligations must inform your efforts.

There is no one size fits all approach to employment equity. As an employer, your organization's size, maturity, composition, challenges and needs will inform the strategies that will help advance equity in your workplace.

Notes

¹ BCOHRC's focus groups consisted of employers from five sectors—construction, retail and wholesale, education, health and social services, and scientific, professional and technical services. Participants were senior leadership as well as human resources and employment equity focused staff. For each focus group we invited a mix of large and small organizations as well as employers from different parts of the province. We also tried to invite both leaders in employment equity as well as those at earlier stages of the employment equity journey.

² Sheila Block, Grace-Edward Galabuzi and Ricardo Tranjan, "[Canada's Colour Coded Income Inequality](#)," *Canadian Centre for Policy Alternatives*, 2019.

³ Statistics Canada, "[Women and Education: Qualifications, Skills and Technology](#)," Statistics Canada, July 6, 2016.

⁴ BC Ministry of Labour and BC Ministry of Finance, [Developing Pay Transparency Legislation](#), Discussion Paper, Government of British Columbia, June 2022; Ontario Pay Equity Office, *The Gender Wage Gap: It's More Than You Think*, Ontario Pay Equity Office, accessed December 2022.

⁵ Ibid.

⁶ Ibid.

⁷ Data compiled from WorkBC Industry Profiles and originating from the 2021 Labour Force Survey.

⁸ Ontario Pay Equity Office, *The Gender Wage Gap: It's More Than You Think*, Ontario Pay Equity Office, accessed December 2022.

⁹ Elise Gould, Jessica Schieder and Kathleen Geier, "[What Is the Gender Pay Gap and Is It Real?: The Complete Guide to How Women Are Paid Less than Men and Why It Cant Be Explained Away](#)," *Economic Policy Institute*, 2016, accessed May 5, 2022.

¹⁰ Ontario Pay Equity Office. [The Gender Wage Gap](#).

¹¹ Peter Ramsey, Joost Blom, Arthur Close, Robert Howell, Judith Mosoff and Geoff Plant, "Law Reform to Support Family Caregivers to Balance Paid Work and Unpaid Caregiving," *The Canadian Centre for Elder Law* 4 (2010): 124.

¹² Ibid.

¹³ Andrea Eiding, "[Gender in Canada](#)," *The Canadian Encyclopedia*, February 1, 2021.

¹⁴ Ibid.

¹⁵ Gaëlle Ferrant, Luca Maria Pesando and Keiko Nowacka, [Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes](#), OECD Development Centre, 2014.

¹⁶ Andrea Eiding, "[Gender in Canada](#)."

¹⁷ J. Stiglitz, A. Sen and J.-P. Fitoussi, [Report on the Commission on the Measurement of Economic Performance and Social Progress](#) (Paris: Commission on the Measurement of Economic Performance and Social Progress: 2007).

¹⁸ Ibid.

¹⁹ [Brooks v. Canada Safeway Ltd.](#), [1989] 1 S.C.R. 1219.

²⁰ Peter Ramsey et al., "Law Reform to Support Family Caregivers to Balance Paid Work and Unpaid Caregiving."

²¹ Royal Bank News Desk, "[COVID Takes Drastic Toll on Women's Participation in Labour Force](#)," *Royal Bank*, July 21, 2020.

²² Marie Drolet, "[Unmasking differences in women's full-time employment](#)," *Insights on Canadian Society*, Statistics Canada, September 26, 2022.

²³ Sheila Block et al., "[Canada's Colour Coded Income Inequality](#)."

²⁴ Nan DasGupta, Vinay Shandal, Daniel Shadd and Andrew Segal, [The Pervasive Reality of Anti-Black Racism in Canada](#), BCG CivicAction, 2020.

²⁵ The Conference Board of Canada, "Racial Wage Gap - Society Provincial Rankings - How Canada Performs," *The Conference Board of Canada*, April 2017.

²⁶ Sheila Block et al., "[Canada's Colour Coded Income Inequality](#)."

²⁷ Ibid.

²⁸ Rita Kaur Dhamoon, "[Racism as a Workload and Bargaining Issue](#)," *The Journal of the Society for Socialist Studies / Revue de la Société d'études socialistes* 14, no. 1 (2020).

²⁹ Taylor N. Paul, [On Unequal Terms: The Indigenous Wage Gap in Canada](#), MA Research Paper, 2020, 46.

³⁰ Ibid

³¹ Canadian Human Rights Commission, [Report on equality rights of Aboriginal people](#), CHRC, 2013; National Collaborating Centre for Aboriginal Health, [Employment as a social determinant of First Nations, Inuit and Metis Health](#), National Collaborating Centre for Aboriginal Health, 2017.


³² Statistics Canada, "[Study: The achievements, experiences and labour market outcomes of First Nations, Métis and Inuit women with bachelor's degrees or higher](#)," *The Daily*, Statistics Canada, 2021.

³³ Canadian Heritage, [Systemic Barriers to the Full Socio-Economic Participation of Persons with Disabilities and the Benefits Realized When Such Persons Are Included in the Workplace](#), Literature Review, Government of Canada, December 2020.

³⁴ Ryan Golden, "[Why Do Pay Gaps Persist for US Workers with Disabilities?](#)" *HR Dive*, 2020.

³⁵ Simonetta Longhi, [The Disability Pay Gap](#), The Equality and Human Rights Commission Research Report Series, Institute for Social and Economic Research, University of Essex, 2017.

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