



2024

EQUAL PAY REPORT

Prepared For :
Labor Department &
Human Resources of Puerto Rico

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Preface

This report has been prepared at the request of the Puerto Rico Department of Labor & Human Resources as part of its ongoing efforts to measure progress and address the gender pay gap in Puerto Rico.

Drawing from 17 years of experience, knowledge, and firsthand accounts of the challenges faced by women in the workforce in Puerto Rico and around the world, this report leverages extensive data and insights gained from the work of Women Who Lead, Women Certified Companies, and the personal stories shared by hundreds of women with Frances Rios, the founder & CEO of Women Who Lead.

Women Who Lead has been at the forefront of promoting gender equity and inclusion in Puerto Rico, gathering invaluable perspectives and experiences from women across industries and sectors. These voices, combined with empirical data, highlight the persistent challenges in achieving gender pay equity but also demonstrate the resilience and determination of women who continue to push for fair treatment and equal compensation in the workplace. The experiences shared by these women offer a unique and powerful foundation upon which this report builds.

In addition to the rich insights provided by Women Who Lead, this report is intended to complement and expand upon the Abexus Analytics Measuring the Gender Gap in Puerto Rico study. By integrating qualitative information with quantitative findings, this report offers a comprehensive and multidimensional analysis of the factors contributing to the gender pay gap in Puerto Rico.

Clara Barton, a trailblazer for gender equality, once said: *"I may sometimes be willing to teach for nothing, but if paid, I shall never do a man's work for less than a man's pay."** This sentiment underscores the essence of the fight for pay equity—the unwavering commitment to ensuring that women receive fair compensation for their contributions, equal to that of their male counterparts.

We would like to express our sincere appreciation to the Puerto Rico Department of Labor for the opportunity to prepare this report. It is an honor to contribute to such an important initiative, one that seeks to address and close the gender pay gap while promoting greater equity and fairness in Puerto Rico's workforce.



Executive Summary

61 years since the Equal Pay Act of 1963 and seven years after the enactment of Puerto Rico's Equal Pay Act, the gender pay gap remains a significant issue. Women in Puerto Rico continue to earn less on average than men for equivalent work, a disparity driven by both direct discrimination and deep-rooted structural inequalities. These include occupational segregation, differences in work experience, and the persistent undervaluation of work typically performed by women.

Despite legislative efforts, the gender pay gap in Puerto Rico has not only persisted but, in some cases, worsened. Recent data indicates that the gap is expanding, particularly in the aftermath of the COVID-19 pandemic, which disproportionately impacted women.

Key factors contributing to the gender pay gap include:

- **Occupational Segregation:** Women are overrepresented in lower-paying sectors, such as healthcare, education, and retail, while men dominate higher-paying industries like finance and technology.
- **Career Interruptions:** Women are more likely to experience career interruptions due to caregiving responsibilities, leading to fewer years of continuous work experience and limited career advancement opportunities.
- **Cultural and Societal Norms:** Traditional gender roles continue to influence career choices, with women more likely to engage in part-time work or temporarily exit the workforce, negatively impacting their long-term earnings.
- **Insufficient Enforcement of Equal Pay Legislation:** Despite the enactment of the Equal Pay Act, enforcement remains inconsistent, with a lack of regular audits, transparent reporting, and robust penalties.
- **Long-term Financial Impact:** As a result of earning less than men throughout their careers, women contribute less to Social Security and have less ability to save for retirement and emergencies, ultimately



increasing the risk of retiring in poverty. This financial disparity leaves women more vulnerable in their later years, with fewer resources to support themselves.

- **Perception Gap:** There is a substantial perception gap between employers and employees regarding pay equity. Surveys by Women Who Lead and the W Certified Company program revealed that while 73% of companies claim to have equal pay policies, only 39% of female employees are aware of such policies. Moreover, while 87% of male leaders believe their organizations provide equal pay for equal work, only 42% of female employees share this confidence. This gap underscores the need for better communication and implementation of pay equity policies.
- **Impact of Workplace Environment** Sexual harassment, biases, micro-aggressions, and hostile work environments significantly contribute to the gender pay gap by creating barriers that hinder women's professional advancement and lead to career interruptions. Nearly one in five women in Puerto Rico has experienced or witnessed sexual harassment at work, further exacerbating pay disparities.

High-Level Recommendations Achieving gender pay equity in Puerto Rico will require concerted efforts across multiple sectors. The following high-level recommendations are designed to address the underlying issues and promote long-term change:

1. **Government Initiatives:**

- **Amend Law 16-2017:** Mandate salary transparency by requiring employers to publish salary ranges in job postings and provide annual training on equal pay laws.
- **Strengthen Enforcement:** Audit and establish stronger penalties for non-compliance to ensure that the Equal Pay Act is effectively enforced.



- **Supplier Oversight:** Require government suppliers to undergo regular audits and training on gender pay equity to maintain eligibility for contracts.
- **Public Recognition:** Provide recognition to those associations & government agencies that partner with employers on educational campaigns to promote & educate on USA & PR Equal Pay Acts.

2. Private Sector Engagement:

- **Promote Pay Equity Awareness:** Industry groups/associations should collaborate to raise awareness about the Equal Pay Act and promote best practices in compensation management.
- **Support Work-Life Balance:** Implement and promote flexible work arrangements that are equally accessible to both men and women, encouraging shared caregiving responsibilities.
- **Foster Inclusive Workplaces:** Adopt comprehensive anti-harassment policies and conduct regular training to prevent biases and micro-aggressions.
- **Implement Voluntary Salary Transparency:** Instead of waiting for lawful mandates, companies should proactively adopt salary transparency programs to attract and retain female talent. This self-imposed transparency can help close the pay gap and demonstrate a commitment to equitable compensation practices.

3. Media and Public Awareness:

- **Education Campaigns:** Launch public service announcements to educate their talent and the public about the Equal Pay Act, employee rights, and the importance of salary transparency.
- **Highlight Best Practices:** Showcase companies that exemplify leadership in achieving gender pay equity, setting a standard for others to follow.



4. Academic Contributions:

- **Curriculum Development:** Integrate workplace dynamics and salary negotiation training into university curricula to empower the next generation of female professionals.
- **Research Partnerships:** Collaborate with the government and private sector to conduct ongoing research into the gender pay gap and the effectiveness of policy interventions.

While the gender pay gap in Puerto Rico presents a significant challenge, it also offers a critical opportunity for change and become an example to the world. By addressing the structural barriers, cultural norms, and workplace practices that perpetuate pay disparities, Puerto Rico can take meaningful steps toward achieving true pay equity.

This will require the combined efforts of the government, private sector, media, and academia, but with sustained commitment, the goal of closing the gender pay gap is within reach.



Introduction

Seven years have passed since the enactment of Puerto Rico's Equal Pay Act, a milestone legislation designed to eliminate gender-based wage disparities and promote fairness in the workplace. Despite these efforts, the gender pay gap remains a significant issue, with women in Puerto Rico earning less on average than men for equivalent work.

This disparity is not only a reflection of ongoing discrimination but also of deeply rooted structural inequalities, including occupational segregation, differences in work experience, and the persistent undervaluation of work typically performed by women.

As we reflect on the progress made since the implementation of the Equal Pay Act, it is evident that while strides have been made in other areas of women's inclusion in the workplace, pay equity remains an elusive goal. Each year that the gender pay gap persists or widens, the pursuit of wage equity is delayed, creating further challenges for achieving a truly equitable workforce.

This report prepared by Women Who Lead—the only firm in Puerto Rico expert in promoting female inclusion and equity in the workplace for the past 17 years—draws on more than a decade of insights and data gathered through close engagement with female talent across Puerto Rico.

Women Who Lead has been at the forefront of advocating for gender equity, providing critical analysis and recommendations that have shaped the conversation around women's roles in the workforce. With the extensive experience and deep understanding of the unique challenges faced by women in Puerto Rico, this report offers a comprehensive examination of the factors contributing to the gender pay gap and provides actionable strategies to accelerate progress toward closing it.

The gender pay gap is a multifaceted issue that reflects broader societal challenges. It is driven by a combination of direct discrimination and structural inequalities that are deeply embedded in the workforce. Occupational segregation, for instance, plays a significant role in perpetuating the wage gap, as women are often concentrated in lower-paying industries and roles.



Additionally, the differences in work experience between men and women—often a result of career interruptions related to caregiving responsibilities—further widen the gap. Moreover, the work predominantly performed by women, such as caregiving and administrative support, continues to be undervalued in comparison to male-dominated fields.

While the gender pay gap is a complex and persistent issue, it is important to acknowledge the progress that has been made. There have been notable improvements in female representation in leadership roles, advancements in education, and increased awareness of the need for gender equity in the workplace. However, achieving true pay equity requires a concerted effort to address the underlying structural barriers that continue to hinder progress.

In this report, we aim to provide a realistic picture of the current state of the gender pay gap in Puerto Rico while remaining optimistic about the potential for meaningful change. By leveraging the insights gained from Women Who Lead’s extensive experience and research, we will explore the key factors that are delaying the achievement of salary equity, identify areas where additional work is needed, and offer targeted recommendations to accelerate the closing of the gap.

We believe that with a clear understanding of the challenges and a commitment to actionable solutions, Puerto Rico can make significant strides toward achieving gender pay equity. This report serves as both a call to action and a roadmap for stakeholders across the public and private sectors to work together in creating a more equitable and inclusive workforce for all.



Current Landscape of Gender Salary Equity in Puerto Rico

Despite legislative initiatives aimed at closing the gender wage gap in Puerto Rico, the disparity has not only persisted but, in some cases, worsened. As such, it remains a critical issue, with recent data indicating a troubling trend of widening disparities.

Multiple studies and economic analyses underscore the following key findings:

1. Persistence and Worsening of the Gender Wage Gap:

Expanding Disparities: Data from the World Economic Forum's Global Gender Gap Report highlights that Puerto Rico continues to lag behind many other regions in terms of wage equality. The gender wage gap has not narrowed as anticipated, and in some sectors, it has even expanded. This suggests that existing measures have been insufficient in addressing the systemic factors contributing to wage inequality.

2. Impact of Post-Pandemic Economic Recovery:

Disproportionate Recovery Benefits: The economic recovery following the COVID-19 pandemic has further exacerbated gender disparities. While overall employment rates have improved, the benefits have disproportionately favored men, particularly in higher-paying sectors. Women, especially those in service-oriented and lower-wage roles, have experienced slower re-entry into the workforce, which has widened the wage gap.

Challenges in Workforce Re-Entry: The pandemic has introduced additional barriers to workforce re-entry for women, including limited access to childcare and the ongoing impact of unpaid care responsibilities, which have disproportionately affected female workers.

3. Educational Attainment and Wage Disparities:

The Education-Wage Paradox: Despite achieving higher levels of education than men, women in Puerto Rico continue to face significant wage disparities across all educational levels. For instance, women with advanced degrees earn, on average, 15% less than their male counterparts with similar qualifications, according to data from the Puerto Rico Institute of Statistics. This



paradox underscores the persistent undervaluation of women's contributions in the labor market, irrespective of their educational attainment.

Several interrelated factors contribute to the persistent gender wage gap in Puerto Rico:

- **Occupational Segregation:** Women are overrepresented in lower-paying sectors such as healthcare, education, and retail, while men dominate higher-paying industries like finance and technology. This occupational segregation is a significant driver of the wage gap.
- **Barriers to Career Advancement:** The glass ceiling effect remains prevalent, limiting women's access to leadership positions and high-paying roles. This systemic barrier restricts upward mobility and contributes to long-term wage disparities.
- **Cultural and Societal Norms:** Traditional gender roles and societal expectations continue to influence career choices and labor market participation. Women are more likely to engage in part-time work or temporarily exit the workforce to manage family responsibilities, which negatively impacts their long-term earnings.
- **Lack of Enforcement on Equal Pay Legislation:** Although Puerto Rico has enacted laws to promote pay equity, the enforcement of these laws has been inconsistent. Without regular audits, transparent reporting, and robust penalties, the incentive for employers to proactively address wage disparities remains limited.

The gender wage gap in Puerto Rico is a complex and persistent issue that requires coordinated action from government, industry, and civil society. While challenges remain, there are clear opportunities to make progress through targeted interventions and sustained commitment. By addressing the structural and cultural barriers that perpetuate wage disparities, Puerto Rico can move closer to achieving true gender salary equity, benefiting not only women but the broader economy.



Equal Pay: The Unfulfilled Promise of Puerto Rico's Law 16-2017

Puerto Rico Law 16-2017, the Equal Pay Act, was enacted in February 2017 with the ambitious goal of advancing pay equity and fostering gender inclusion in the workforce. The legislation set out to ensure equal pay for equal work, enhance transparency in compensation practices, and protect employees from wage discrimination. While some progress has been made since the Equal Pay Law was enacted, there remain opportunities to enhance its impact and expedite progress toward true pay equity.

The enactment of Law 16-2017 marked a pivotal moment in Puerto Rico's efforts to address the gender wage gap. The law introduced several key provisions:

- **Equal Pay for Equal Work:** A mandate that men and women receive equal compensation for substantially similar work, addressing wage disparities that have persisted across industries.
- **Promoting Transparency:** The law aimed to enhance transparency by prohibiting employers from inquiring about a candidate's salary history, thus preventing the perpetuation of existing pay inequalities. (Unfortunately there is an immense lack of knowledge of the law among women)
- **Protecting Employees:** Employees were provided with legal protections against wage discrimination, empowering them to seek redress if they believed their compensation was influenced by gender-based discrimination.

Since the law's enactment, Puerto Rico has taken steps in promoting pay equity. The prohibition on asking for prior salary information, for example, has been widely adopted, setting a positive precedent for transparent hiring practices. However, certain challenges remain in achieving the full intent of the legislation:

- **Partial Implementation of Provisions:** While some aspects of the law have gained traction, the broader goal of equal pay for equal work has yet to be fully realized across the island. The absence of comprehensive reviews



and adjustments to compensation practices has limited the law's effectiveness in closing the gender wage gap.

- **Opportunities for Enhanced Enforcement:** The current enforcement mechanisms, while well-intentioned, may benefit from additional support and resources. Strengthening these mechanisms could provide greater assurance of compliance and encourage more consistent application of the law across all sectors.
- **Cultural and Organizational Dynamics:** The successful implementation of Law 16-2017 requires addressing deep-rooted cultural norms and organizational practices that may inadvertently perpetuate wage disparities.
 - Continued education and awareness programs are essential to fostering a culture of equity and inclusion.
- **Advancing Transparency:** While the law laid the groundwork for greater transparency in compensation practices, further steps could be taken to enhance data collection, reporting, and public awareness. Improved transparency will empower employees and employers alike to contribute to the ongoing effort to achieve pay equity.

Puerto Rico's Law 16-2017 is a milestone in the journey toward gender pay equity, but its full impact has yet to be realized. By enhancing enforcement, fostering a culture of equity, increasing transparency, and incentivizing best practices, Puerto Rico can continue to lead by example in the pursuit of pay equity.

With a renewed commitment to these principles, the island can ensure that the promise of Law 16-2017 is fulfilled, benefiting all workers, contributing to a more inclusive and equitable society while increasing women's impact on Puerto Rico's economy.



Perception Gap Between Employers and Employees

The concept of pay equity is central to fostering an inclusive and fair work environment. However, recent surveys by Women Who Lead reveal a substantial perception gap between companies and their employees regarding the existence and enforcement of equal pay policies. This gap not only highlights potential communication failures but also calls into question the effectiveness of current pay equity strategies within organizations.

In 2022, Women Who Lead conducted two complementary surveys: one targeting 190 companies and another involving 3,526 female employees from those same organizations. These surveys aimed to capture the contrasting views on pay equity from both employers and employees. A subsequent survey in 2023 gathered perspectives from male leaders across 10 companies, further enriching the analysis.

The following are the key findings of the results of these surveys:

- Awareness and Perception of Equal Pay Policies
 - Corporate Perspective: 73% of companies reported having an equal pay policy in place.
 - Employee Perspective: Only 39% of female employees were aware of such policies in their organizations.
- Belief in Equal Pay for Equal Work
 - Female Employees: A mere 42% of female respondents believed that their organization ensures equal pay for equal work between genders.
 - Male Leaders: Conversely, 87% of male leaders expressed confidence that their organizations provide equal pay for equal work.



- Compliance and Corrective Mechanisms
 - Audit Readiness: 61% of companies stated they would likely comply with the Equal Pay Law if audited.
- Proactive Measures
 - Only 32% of companies reported conducting annual reviews of gender-related salary disparities, and just 34% took action to address any identified discrepancies.

The data uncovers a critical perception gap between employers and employees, underscoring the need for a more robust approach to pay equity. While the majority of companies assert that they have equal pay policies, a significant portion of female employees remain unaware of these policies, suggesting either insufficient communication or a lack of tangible implementation.

The disparity in perceptions between male leaders and female employees further indicates a disconnect that could be rooted in unconscious bias or differing experiences within the workplace.

Moreover, the low percentage of companies engaging in regular audits and corrective actions reveals a potential misalignment between policy intentions and operational execution. This gap not only poses risks of legal non-compliance but also undermines employee trust and could perpetuate gender-based pay disparities.



Ensuring Compliance with Puerto Rico's Equal Pay Legislation Among Government Suppliers

Puerto Rico's government mandates that all companies engaging in public sector contracts certify their compliance with the Equal Pay Act and the Uniform Guidelines for Self-Evaluation. However, the current certification process, administered by the Puerto Rico General Services Administration (PR GSA), is largely self-reported, raising concerns about the efficacy and enforcement of these crucial regulations.

The ASG-727 (REV. 2021) certification form is a requirement for all companies listed in the PR GSA's Single Supplier Registry—a registry comprising over 7,500 suppliers responsible for \$1.5 billion in government procurement annually. Companies must attest that they comply with the Equal Pay Act or have initiated adequate measures to eliminate gender-based wage disparities. However, the reliance on self-attestation, with limited oversight or enforcement, undermines the credibility of this certification process.

A review of the certification and compliance landscape reveals significant gaps:

- **Audit Deficiency:** There is no evidence of a systematic audit process to verify the claims made by suppliers regarding their compliance with equal pay laws. This lack of audits raises questions about the veracity of the certifications and the effectiveness of the enforcement regime.
- **Interagency Coordination Gaps:** The extent to which the PR GSA collaborates with the Puerto Rico Department of Labor for audit and enforcement purposes is unclear. This lack of coordination may hinder comprehensive oversight and the identification of non-compliant suppliers.
- **Insufficient Consequences for Non-Compliance:** The absence of clearly defined, enforceable penalties, including the potential disqualification from government contracts, weakens the incentive for suppliers to adhere strictly to equal pay mandates.



The supplier base within the Single Supplier Registry is diverse, encompassing entities ranging from small local businesses to large multinational corporations. Despite this diversity, there is a concerning lack of transparency regarding these suppliers' adherence to gender pay equity standards, which raises several critical questions:

- **Capability for Statistical Validation:** Can the registered suppliers substantiate their claims of gender pay equity through statistical analysis?
- **Audit and Verification History:** Have these suppliers been subjected to audits or any form of external verification to confirm compliance with the Equal Pay Act?
- **Enforcement and Accountability:** Have any suppliers faced repercussions, such as losing government contracts, due to non-compliance with gender pay equity requirements?

The current self-certification approach to enforcing Puerto Rico's Equal Pay Act among government suppliers lacks the rigor necessary to ensure genuine compliance. By instituting systematic audits, enhancing interagency collaboration, defining enforceable penalties, and implementing continuous monitoring, the government can significantly strengthen its enforcement capabilities.

This will not only ensure compliance with the law but also promote greater gender pay equity across the supplier landscape, aligning with broader governmental and societal goals of fairness and inclusivity.



Salary Transparency: A Strategic Imperative for Gender Pay Equity

Salary transparency laws are rapidly emerging around the world as a pivotal strategy in the effort to close the gender pay gap. By requiring the disclosure of salary ranges in job postings and providing wage information to current employees, these laws aim to enhance fairness in compensation practices.

However, Puerto Rico's Equal Pay Act (Law 16-2017) does not include such mandates, presenting a significant opportunity for legislative and corporate action.

The adoption of salary transparency laws in the United States has accelerated, with ten states—California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Nevada, New York, Rhode Island, and Washington—leading the charge. Additionally, cities in New Jersey and Ohio have implemented local ordinances, and thirteen other states, along with the District of Columbia, are considering similar legislation.

These laws are designed to address systemic pay inequities by making compensation structures more transparent and subject to public scrutiny. This shift is particularly impactful in exposing gender-based pay disparities that have persisted due to opaque pay practices. By mandating salary disclosures, these laws promote a culture of accountability and fairness, encouraging employers to evaluate and correct their compensation practices.

Despite the growing momentum for salary transparency across the United States, Puerto Rico's current legal framework does not require such disclosures. The Equal Pay Act (Law 16-2017) focuses on preventing wage discrimination but stops short of mandating salary transparency, which is a critical lever in achieving true pay equity.

The absence of salary transparency requirements in Puerto Rico represents a significant gap in the island's efforts to close the gender pay gap. Without mandated disclosures, pay discrepancies remain hidden, perpetuating inequities and limiting the ability of employees, particularly women, to negotiate effectively.



Salary transparency not only exposes pay disparities but also compels organizations to re-examine their compensation structures. According to McKinsey & Company, “transparency can drive more equitable pay practices by prompting employers to re-evaluate their compensation structures” (McKinsey & Company, 2021). This re-evaluation can lead to the standardization of pay practices, reducing the influence of unconscious biases and historical inequities.

In Puerto Rico, some companies are beginning to voluntarily adopt transparency measures. A 2024 survey by Women Who Lead found that 67% of Women Certified Companies share salary ranges or target salaries with employees and candidates. While encouraging, this trend is not yet widespread and does not reflect the practices of the broader employer base.

The implementation of salary transparency laws in Puerto Rico could significantly advance gender pay equity on the island and as a result a stronger impact on the economy. The strategic benefits of such legislation include:

- **Enhanced Negotiation Power:** Salary transparency equips women with critical information, allowing them to negotiate from a stronger position. Research by Lean In shows that “women who have access to pay ranges can negotiate more effectively and ensure they aren’t leaving money on the table” (Lean In, 2023). This empowerment is essential in closing the wage gap.
- **Cultural Shift Toward Equity:** Mandating salary disclosures would signal a strong commitment to equity, potentially catalyzing broader cultural change within organizations. Employers would be motivated to standardize compensation practices, leading to more equitable outcomes.
- **Increased Accountability:** With transparent salary practices, organizations would face greater public and regulatory scrutiny, driving them to proactively address pay disparities. This accountability would reinforce the principles of fairness and equity in the workplace.



Salary transparency is a proven strategy for reducing gender-based pay disparities and fostering a culture of equity in the workplace. Puerto Rico, by adopting and promoting salary transparency, has the opportunity to set a new standard for gender pay equity in the region. Legislative reform, corporate leadership, and public advocacy are essential to realizing this potential and ensuring that all employees are compensated fairly and equitably.



The Impact of Sexual Harassment, Biases, Micro-aggressions, and Hostile Work Environments on the Gender Pay Gap

Sexual harassment, biases, micro-aggressions, and hostile work environments are critical factors that contribute to the gender pay gap by creating barriers that hinder women’s professional advancement, leading to career interruptions that exacerbate pay disparities.

In Puerto Rico, the 2022 Women Who Lead Survey of Working Women with a sample of more than 5,000 women revealed that 18% of respondents had experienced or witnessed sexual harassment at their workplace in the past five years, and 23% of companies reported having sexual harassment cases during the same period.

These findings highlight the pervasive nature of these issues and their detrimental impact on gender pay equity. This report analyzes how these factors contribute to the gender pay gap and provides strategic recommendations for managing and mitigating their effects.

Sexual harassment is a significant barrier to gender equity in the workplace, directly contributing to the gender pay gap. It creates a hostile work environment that can lead to decreased job satisfaction, increased stress, and a higher likelihood of women leaving their jobs or reducing their work hours—factors that contribute to career interruptions.

When women are forced to leave their jobs or accept lower-paying positions to escape harassment, their earning potential is significantly diminished, impacting both their immediate income and long-term career trajectories.

The 2022 Women Who Lead Survey highlights that nearly one in five women in Puerto Rico has either experienced or witnessed sexual harassment at work, and almost a quarter of companies reported having sexual harassment cases in the past five years. The prevalence of sexual harassment creates an environment where women may feel unsafe, undervalued, and less likely to pursue opportunities for advancement.

This often leads to career interruptions, such as taking extended leaves, switching to less demanding roles, or leaving the workforce altogether—



decisions that exacerbate the gender pay gap by hindering women's career progression and long-term earning potential.

Biases and micro-aggressions, although often less overt than sexual harassment, play a significant role in maintaining and widening the gender pay gap by contributing to a hostile work environment that can lead to career interruptions.

Unconscious biases can influence critical workplace decisions, including hiring, promotions, and compensation, leading to systemic inequities. For example, women are frequently perceived as less competent or less committed to their careers than their male counterparts, resulting in lower starting salaries and fewer opportunities for advancement.

Micro-aggressions, which are subtle, often unintentional comments or actions that convey prejudice, further contribute to a hostile work environment. These everyday slights and insults can undermine women's confidence, reduce their engagement at work, and limit their access to career-enhancing opportunities. Over time, the cumulative effect of micro-aggressions can lead to decreased job performance, higher turnover rates among women, and career interruptions as women may choose to leave toxic work environments or scale back their professional ambitions, further exacerbating pay disparities.

Hostile work environments, characterized by pervasive discrimination, exclusion, and harassment, create significant barriers to gender equity and often force women into making difficult career decisions that lead to interruptions. Women in such environments often face increased stress, lower job satisfaction, and higher rates of absenteeism, all of which negatively impact their career progression and earnings. The psychological toll of working in a hostile environment can also lead to long-term mental health issues, reducing women's ability to maintain continuous employment and achieve their full economic potential.

In Puerto Rico, the widespread experience of hostile work environments, as evidenced by the Women Who Lead Survey, indicates a pressing need for intervention. Women who face hostility at work may adopt defensive career strategies, such as avoiding high-profile assignments, seeking less demanding roles, or leaving the workforce temporarily or permanently. These strategies,



while necessary for survival in a toxic workplace, ultimately contribute to the gender pay gap by hindering women's career growth and leading to career interruptions that disrupt their earning potential.

Sexual harassment, biases, micro-aggressions, and hostile work environments are significant contributors to the gender pay gap, particularly in Puerto Rico, where recent surveys indicate that these issues are widespread. These factors not only affect women's immediate earnings but also lead to career interruptions that have long-term consequences on their career advancement and overall economic participation.

Achieving gender pay equity will require a concerted effort to address these workplace challenges. By implementing comprehensive anti-harassment policies, fostering an inclusive culture, conducting regular pay audits, providing support systems, and empowering leadership to drive change, companies can create a more equitable work environment where all employees have the opportunity to succeed.



Addressing Career Interruptions, the Motherhood Penalty, and the Fatherhood Premium to Close the Gender Pay Gap

Career interruptions, coupled with the parenthood penalty and the fatherhood premium, are significant factors contributing to the persistent gender pay gap. Women who become parents or primary caregivers often face slowed salary growth and limited opportunities for advancement, a phenomenon known as the "motherhood penalty." In contrast, men often experience a "fatherhood premium," where their earnings increase after becoming fathers, further widening the gender pay gap.

Career interruptions, particularly those related to caregiving, are among the most significant barriers to achieving gender pay equity. When women take time off for caregiving, they often experience income loss, reduced work experience, and a diminished trajectory in career advancement. These interruptions can have a lasting impact, exacerbating the gender pay gap over time.

The "motherhood penalty" is a clear example of how career interruptions negatively affect women's earnings. The Payscale 2024 Gender Pay Gap Report highlights that women who take time off for caregiving are at a higher risk of experiencing wage stagnation and slower career progression compared to men, who are less likely to take extended leaves for caregiving. Even when factors such as education, experience, and job role are accounted for, the gender pay gap remains significantly wider for mothers than for women without children.

In contrast to the "motherhood penalty", the "fatherhood premium" refers to the economic advantages that men often receive after becoming fathers. This phenomenon occurs because societal expectations tend to view men as primary breadwinners, leading to assumptions that fathers are more committed to their jobs and therefore deserving of higher pay.

Research from the Harvard Business Review indicates that fathers frequently receive promotions and pay raises after having children, whereas mothers face the opposite outcome. This divergence in treatment not only widens the gender



pay gap but also reinforces traditional gender roles that disadvantage women in the workplace.

The “fatherhood premium” contributes to broader workplace inequities. When fathers are rewarded financially and professionally for becoming parents, it reinforces the notion that caregiving is not a valued responsibility for men. This perpetuates the expectation that women should assume the primary caregiving role, further entrenching the barriers women face in achieving pay equity.

The following are contributing factors to the “Motherhood Penalty, Fatherhood Premium”, and Career Interruptions:

- **Workplace Bias and Stereotypes:** Mothers are frequently subject to unconscious biases that question their commitment and productivity, leading to discrimination in hiring, promotions, and salary increases. Conversely, fathers are often perceived as more reliable and committed after becoming parents, contributing to the “fatherhood premium”.
- **Lack of Supportive Policies:** Many workplaces lack sufficient policies to support parents, such as paid parental leave, flexible working arrangements, and affordable childcare. The absence of these policies forces many women to choose between their careers and caregiving responsibilities, often resulting in career interruptions and perpetuating the motherhood penalty.
- **Economic Disincentives and Structural Inequalities:** The high cost of childcare can outweigh the financial benefits of returning to work, particularly for women in lower-income brackets. This economic disincentive exacerbates the likelihood of prolonged career interruptions and contributes to the widening of the gender pay gap. Meanwhile, structural inequalities in the workplace continue to favor men, particularly fathers, who are more likely to occupy higher-paying, secure positions.

Career interruptions, the “motherhood penalty”, and the “fatherhood premium” are significant contributors to the gender pay gap, particularly for women who become mothers or primary caregivers. To mitigate these risks and promote gender pay equity, it is essential to implement comprehensive policies and practices that support both parents in balancing their careers and caregiving



responsibilities. By addressing workplace bias, offering flexible work arrangements, and promoting shared caregiving responsibilities, organizations can ensure that neither women nor men are unfairly penalized or rewarded for their roles as parents, fostering a more equitable and inclusive workplace.



Leveraging Workplace Flexibility to Close the Gender Wage Gap in Puerto Rico

Workplace flexibility is increasingly recognized as a critical strategy for addressing the gender wage gap, enabling women to balance career advancement with caregiving responsibilities. Flexible work arrangements, such as remote work, flexible hours, and job-sharing, have demonstrated potential in promoting gender equity. However, their implementation in Puerto Rico remains uneven. Additionally, concerns have arisen that remote work, if not managed properly, could unintentionally widen the gender wage gap.

Workplace flexibility is a key factor in closing the gender wage gap. Flexible work arrangements allow women to maintain continuous employment and advance in their careers while managing caregiving duties, which disproportionately fall on them.

Research highlights the positive impact of flexibility on gender equity. According to the International Labour Organization (ILO), flexible work policies are associated with higher retention rates among women and greater opportunities for promotion. The benefits of flexible work arrangements extend beyond individual career paths. Companies that implement such policies often see improved organizational performance due to a more diverse and engaged workforce. However, the effectiveness of workplace flexibility in closing the gender wage gap depends on the equitable implementation of these policies.

In Puerto Rico, workplace flexibility has been adopted unevenly, despite the clear need for such arrangements, especially after recent natural disasters and the COVID-19 pandemic. These events forced many businesses to adopt flexible work practices, proving that flexibility can sustain and even enhance business operations.

However, data from the 2022 Women Who Lead and W Certified Company's surveys reveal a significant gap between policy and practice. While 57% of companies claimed to offer flexible work arrangements, only 43% of female employees reported having access to these options. This underscores a critical issue: the existence of flexible work policies does not guarantee their accessibility or effectiveness in promoting gender equity.



Remote work, a key component of workplace flexibility, presents unique challenges that could undermine efforts to close the gender wage gap. Research from the Harvard Business Review indicates that women working remotely may face -visibility challenges-, leading to fewer opportunities for promotion and pay increases. Additionally, the erasing of boundaries between personal and professional life in remote work settings can disproportionately affect women, who often take on primary caregiving responsibilities.

This dynamic can result in increased stress and burnout, hindering career progression and potentially widening the gender pay gap. Moreover, remote work can unintentionally reinforce traditional gender roles if not implemented with a focus on equity. For instance, women may choose remote work to manage caregiving duties, while men continue to work in-office, gaining greater access to career advancement opportunities. This scenario could perpetuate existing pay disparities rather than alleviate them.

Workplace flexibility is a powerful tool for advancing gender equity in the workforce. However, to fully realize its potential in closing the gender wage gap, companies in Puerto Rico must implement these policies with a focus on equity, transparency, and accountability. By adopting a data-driven approach and fostering a culture of shared responsibility, Puerto Rico can make significant strides toward achieving gender wage equity and creating a more inclusive workforce.



Understanding the Gender Pay Gap: A Two-Tiered Analytical Approach

The gender pay gap continues to be a significant barrier to achieving economic equity globally and in Puerto Rico. Addressing this issue requires a structured, two-tiered analytical approach, beginning with macroeconomic analysis using uncontrolled variables and advancing to more granular examinations using controlled variables. Each level of analysis plays a distinct role in providing insights that can inform effective policies and actionable strategies.

The first step in understanding the gender pay gap involves macroeconomic analysis using uncontrolled variables. This approach compares the average earnings of men and women across an entire economy, industry, or organization without adjusting for specific factors such as job level, education, or experience.

The primary purpose of this high-level analysis is to identify the overall disparity in earnings between genders, offering a snapshot of gender-based wage inequality. This analysis is essential as it highlights the existence of a gender pay gap and raises awareness of systemic inequities. It provides a benchmark for measuring progress over time and facilitates comparisons of gender wage disparities across different regions, industries, or countries.

However, while macroeconomic analysis is a critical starting point, it has inherent limitations. Uncontrolled variables do not account for legitimate factors that might influence pay differences, such as variations in job roles, responsibilities, or qualifications. As a result, this type of analysis cannot fully explain the underlying causes of the gender pay gap or pinpoint specific areas where interventions are most needed.

For instance, a report from the World Economic Forum notes that while global efforts have narrowed the gender gap in certain regions, substantial disparities persist, particularly in wages, due to uncontrolled variables like occupational segregation and differences in work experience.



To move beyond a general understanding and towards actionable insights, it is imperative to conduct a more detailed analysis using controlled variables. This approach involves comparing the pay of men and women within specific job levels and positions, while adjusting for factors that should legitimately influence pay, such as experience, education, and job performance.

Granular analysis allows for a more accurate assessment of whether men and women are being compensated equally for the same work. By controlling for variables like job level, position, and qualifications, this analysis can isolate gender as a factor influencing pay disparities. It enables organizations and policymakers to identify where gender-based pay inequities persist, even after accounting for other relevant factors.

The Payscale 2024 Gender Pay Gap Report illustrates the value of this approach. The report reveals that while the uncontrolled gender pay gap shows a significant disparity in earnings between men and women, the gap narrows considerably when variables such as job level, education, and experience are controlled. However, even with these adjustments, women still earn less than men in equivalent roles, highlighting the persistent influence of gender bias in pay structures. This finding underscores the need for more granular analysis to uncover and address the nuanced ways in which gender inequity manifests in compensation practices.

In conducting a granular gender pay gap analysis, it is crucial to select and control for specific variables that significantly impact compensation. The following variables are particularly relevant:

- **Job Level and Position:** Different roles and levels within an organization typically command different pay scales. Analyzing pay within specific roles and levels helps identify discrepancies that might be hidden in a broader analysis. For example, a study by the U.S. Department of Labor found that when controlling for job level and responsibilities, the gender pay gap significantly narrows but does not disappear, suggesting the presence of systemic biases.
- **Experience and Tenure:** Experience and tenure are key determinants of pay. Controlling for these factors ensures that any identified pay gaps are



not merely a reflection of differences in work history. Research by McKinsey & Company shows that women, despite having comparable experience, often face slower career progression and lower pay compared to their male counterparts.

- **Education and Qualifications:** Education is often used to justify differences in pay. However, by controlling for education, the analysis can reveal pay disparities that are not attributable to differences in educational attainment. The American Association of University Women (AAUW) reports that even among women with advanced degrees, pay disparities persist, indicating that education alone cannot close the gender pay gap.
- **Age:** Age can influence pay, but controlling for it helps ensure that identified disparities are not skewed by generational wage differences. The Pew Research Center highlights that younger women are entering the workforce with higher salaries than previous generations, yet the gap widens with age, suggesting systemic issues that emerge over the course of a career.
- **Parent or Caregiver Status:** Parenthood, particularly motherhood, often negatively impacts women's earnings. Including caregiver status in the analysis helps identify whether these biases contribute to the gender pay gap. Lean In reports that mothers face a "motherhood penalty," with earnings reduced significantly more than fathers in similar roles.
- **Remote Work Status:** The rise of remote work has introduced new dynamics in compensation. Controlling for remote-work-status can reveal if gender pay inequities are being exacerbated by this shift. McKinsey & Company notes that remote work has the potential to either mitigate or worsen gender disparities, depending on how organizations implement remote work policies.

Conducting gender pay gap analysis using both uncontrolled and controlled variables is essential for understanding the true nature of wage disparities between men and women in Puerto Rico. By starting with a broad, macroeconomic perspective and then drilling down into more specific,



controlled analyses, policymakers can gain a comprehensive understanding of where inequities exist and take targeted action to address them.

This two-tiered approach not only aligns with best practices in gender equity but also identifies specific areas where policy interventions are needed, such as improving access to higher-paying roles for women, addressing biases in pay decisions, or enhancing support for working parents. Furthermore, these analyses can inform the development of targeted policies and initiatives designed to close the gender pay gap and promote greater economic equity across Puerto Rico.



Strategic Recommendations for Closing the Gender Pay Gap in Puerto Rico

Achieving pay equity requires the collective effort of the government, employers, media, and academia. This section outlines specific, actionable recommendations for each of these stakeholders. These recommendations have become best practices among Women Who Lead clients and have been designed to address both immediate disparities and the underlying structural issues that perpetuate the gender pay gap, with a focus on accountability, transparency, and cultural change.

Government

1. Amend Law 16-2017:

- **Mandate Salary Transparency:** Amend the law to require employers to publish salary ranges or target compensation for all positions advertised, both internally and externally, specifying minimum and maximum salaries.
- **Training Requirements:** Require that employers provide annual training to managers and employees on Law 16-2017. Additionally, mandate the distribution of a Puerto Rico Department of Labor (PR DOL) Equal Pay Factsheet to all employees annually.
- **Supplier Compliance Audits:** Amend the relevant laws to require that PRGSA suppliers be audited every year during the duration of the contract by the Puerto Rico Department of Labor to certify compliance with Law 16-2017 and or use the W Certified Company certification.
- **Annual Employer Reporting:** Require employers to submit an annual report that includes gender pay equity metrics, actions taken or to take to close pay equity gap, and timeline to close women pay gaps. This would be a process like other reports required from employers, such as Affirmative Action Programs and Worker Safety Reports on occupational accidents & illnesses.



2. Strengthen Enforcement and Monitoring:

- **Activate Motu Proprio Investigations:** The PR Department of Labor should proactively investigate employer compliance and publicly communicate general findings in aggregate form.
- **Equal Pay Act Fact Sheet:** Develop and distribute a comprehensive Equal Pay Act fact sheet to all employees, outlining key facts of the law and employee rights.
- **Wage Equity Survey:** Conduct a statistically valid Wage Equity Survey among a representative sample of employers to assess the status of wage equity in Puerto Rico.

3. Enhance Supplier Oversight:

- **Training for Suppliers:** Require all CEOs current and future suppliers to attend PR Department of Labor training on Gender Pay Equity.
- **Audit and Compliance:** Ensure all certifications by suppliers are referred to the PR DOL for validation and audit. Suppliers who fail the audit should have their standing suspended until compliance is achieved.

4. Public Recognition:

- **Equal Pay Ally Award:** The Women Who Lead Forum will create that award to recognize those associations & government agencies that partner with employers on educational campaigns to promote & educate on Equal Pay topics.
- **Equal Pay Employer Award:** Create award to recognize those employers who demonstrably have achieved pay equity in their organizations.



Private Sector

1. Promote Pay Equity Awareness:

- **Industry Group Collaboration:** Private industry groups (e.g., Chamber of Commerce, PRMA, PIA, Hospital Association, ASORE) should collaborate to create awareness among members about the Equal Pay Act and promote compliance.

2. Best Practices in Pay Equity:

Encourage the adoption of best practices in compensation management, such as:

- Conducting regular pay audits, and bias assessments to ensure fair pay practices and consider non-traditional payments to address compensation discrepancies such as (but not limited to) Cost of Living Bonus to offset inflation.

3. Support Work-Life Balance:

- **Flexible Working Arrangements:** Promote and implement flexible work options equally accessible to both men and women. Encourage the use of parental leave by fathers to reduce the caregiving burden on women and address the “fatherhood premium”.

4. Foster Inclusive Workplaces:

- **Anti-Harassment Policies:** Implement comprehensive anti-harassment policies, including robust reporting mechanisms and regular training for all employees, with a focus on preventing biases and micro-aggressions.

Media

1. Public Awareness Campaigns:

- **Law 16-2017 Education:** Create public service announcements across television, radio, newspapers, and social media to raise awareness of Law 16-2017. These campaigns should educate the



public on prohibited actions, employee rights, and the importance of salary transparency.

2. Highlight Best Practices:

- **Showcase Leadership in Pay Equity:** Feature stories on companies that exemplify leadership in achieving gender pay equity, providing a model for other organizations to follow.

Academia

1. Workplace Dynamics Training:

- **Curriculum Integration:** Universities and colleges should incorporate Workplace Dynamics Training into their career services offerings. This training should cover salary negotiation, equal pay awareness, and strategies for navigating workplace challenges such as sexual harassment, bias, and micro-aggressions.
- **Empowerment through Education:** Educate female students on their rights under equal pay laws and equip them with the skills needed to effectively manage salary dynamics and negotiate compensation as they enter the workforce.

2. Partnerships for Research:

- **Collaborative Studies:** Partner with the PR Department of Labor and private sector organizations to conduct ongoing research into the gender pay gap, particularly focusing on the effectiveness of policy interventions and emerging challenges in achieving pay equity.

Closing the gender pay gap in Puerto Rico requires a multi-faceted approach that involves all sectors of society. While the government and the Department of Labor have significant responsibilities, the efforts and commitments of employers, the media, and academia are equally critical. By implementing these strategic recommendations, Puerto Rico can move closer to achieving true pay equity, ensuring that all individuals are compensated fairly for their work, regardless of gender



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