Understanding the Gender Pay Gap

Presented by
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Montana Department of Labor & Industry
U.S. women earn **71.1%** of the usual median earnings of men.

Source: 2016 American Community Survey, 5-Year Estimates, U.S. Census Bureau
Understanding The Wage Gap

Nationally,
Women earn 71.1% of men.

In Montana,
Women earn 68% of men.

Raw Gap = \frac{\text{median earnings of women}}{\text{median earnings of men}}

Data Source: American Community Survey, 5-Year Estimates
(2016 used Here)
Women’s Weekly Earnings as a Percent of Men’s Among U.S. Full-Time Workers

Women’s Median Earnings are at 81.7% of Men’s Median Earnings

Montana won’t close its gender pay gap until 2080.
- Institute for Women’s Policy Research

Wage Gap Across States

MEDIAN FULL-TIME, YEAR-ROUND FEMALE EARNINGS AS PERCENT OF MALE EARNINGS

Source: Map by Business Insider illustrates 2014 American Community Survey 1-Year Estimates.
Gender Pay Gap Among Countries

Source: Map by Time.com using OECD data 2014.
What Causes the Wage Gap?

• It’s not just discrimination
  • Occupation choice
  • Industry choice
  • Education
  • Experience
  • Part-time work/ flexible scheduling
  • Time out of workforce for family care
  • Union status

These factors may be influenced by discrimination.

• Other factors that influence the size of the wage gap
  • Race -- Other factors
  • Age -- Behavior (i.e. asking for raises)
The Basic Gender Pay Gap

U.S. women earn **71.1%** of the usual median earnings of men

Source: 2016 American Community Survey, 5-Year Estimates, U.S. Census Bureau
Women Work Fewer Hours Than Men

- to care for families
- for other reasons
- because they get paid less.

Source: 2016 American Community Survey, 5-Year Estimates, U.S. Census Bureau
Full-Time, Year-Round Workers

U.S. women earn 79.6% of the usual median earnings of men
Including only Full-time, Year-round workers

Differences in Work Hours
Explain about 8¢

Source: 2016 American Community Survey, 5-Year Estimates, U.S. Census Bureau
Montana FTYR women earn 73.6% of the usual median earnings of FTYR men.

Differences in Work Hours Explain about 5¢ in Montana

Source: 2016 American Community Survey, 5-Year Estimates, U.S. Census Bureau
Women Tend to Work in Lower Paying Occupations

U.S. Industries Where Women Work

Source: ACS, 2016 5-Year Estimates. Some small industries removed for simplicity.
Occupational and Industry Choice Explain about Half the Gap

Women Work in Low-Paying Occupations and Industries

Source: Blau & Kahn, Academy of Management Perspectives, 2007
Occupational and Industry Choice
Explain about Half the Gap

- Increase women’s participation in STEM fields.
  - U.S. women comprise only
    - 15.4% of engineering occupations at $83,000
    - 25.6% of computer and math occupations at $86,170

Recent Studies on Women in STEM Occupations

Women leaving engineering jobs more than any other type of job.

- Not due to family constraints.
- Dissatisfaction with pay and promotion opportunities.
- More likely to report sexual harassment.

Women and Patents

- 7.5% of all patents
- Eliminating the gender gap in patenting would increase GDP per capita by 2.7%
Occupations and industry differences explain roughly half of the wage difference between men and women.

But is it a choice?
Gender Pay Gap Exists in all Occupations

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare support</td>
<td>90.0%</td>
</tr>
<tr>
<td>Personal care and service</td>
<td>88.0%</td>
</tr>
<tr>
<td>Healthcare practitioner and technical</td>
<td>87.0%</td>
</tr>
<tr>
<td>Office and administrative support</td>
<td>85.0%</td>
</tr>
<tr>
<td>Education, training, and library</td>
<td>84.0%</td>
</tr>
<tr>
<td>Community and social services</td>
<td>83.0%</td>
</tr>
<tr>
<td>Business and financial operations</td>
<td>82.0%</td>
</tr>
<tr>
<td>Legal</td>
<td>81.0%</td>
</tr>
<tr>
<td>Food preparation and serving related</td>
<td>80.0%</td>
</tr>
<tr>
<td>Life, physical, and social science</td>
<td>79.0%</td>
</tr>
<tr>
<td>Sales and related</td>
<td>78.0%</td>
</tr>
<tr>
<td>Management</td>
<td>77.0%</td>
</tr>
<tr>
<td>Production</td>
<td>76.0%</td>
</tr>
<tr>
<td>Computer and mathematical</td>
<td>75.0%</td>
</tr>
<tr>
<td>Protective service</td>
<td>74.0%</td>
</tr>
<tr>
<td>Architecture and engineering</td>
<td>73.0%</td>
</tr>
<tr>
<td>Transportation</td>
<td>72.0%</td>
</tr>
<tr>
<td>Construction and extraction</td>
<td>71.0%</td>
</tr>
</tbody>
</table>

The Glass Ceiling Effect


Study sorted job applicants into groups of **similarly qualified** applicants then tracked them in their job search.

Half Men

Half Women

All Considered

**Equally Qualified**

Education, Years Experience
Quality of Experience
Past Jobs

Source: Gobillon, Meurs, Roux in Journal of Labor Economics, V33, n2, April 2015 and other studies.
The Glass Ceiling Effect

Women were 50% less likely to get a job than men for high wage jobs.

Women were 9% less likely to get a job than men for low-wage jobs.

Source: Gobillon, Meurs, Roux in Journal of Labor Economics, V33, n2, April 2015 and other studies.
Occupational and Industry Choice Explain about Half the Gap

Discrimination? Or Not?

Fewer Hours Worked

Source: Blau & Kahn, Academy of Management Perspectives, 2007
47% of Workforce is Women

25% of Executive Managers of Fortune 500 Companies

4% of CEOs of Fortune 500 Companies

4% of CEOs of Fortune 500 Companies

Factors Influencing Pay and the Gender Gap

- Occupation choice
- Industry choice
- Education
- Experience
- Part-time work/ flexible scheduling
- Time out of workforce for family care
Women Slightly More Educated than Men
Educational Attainment for Population 25 and Older

Source: ACS, 2016 5-Year Estimates.
Women Becoming More Educated in Recent Generations

Source: ACS, 2016 5-Year Estimates.
Women have Lower Median Earnings at All Education Levels

Median Earnings for Population 25 and Older

Source: ACS, 2016 5-Year Estimates.
Women have Higher Poverty Rates at all Education Levels

Source: ACS, 2016 5-Year Estimates.
Hours Worked

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Year-Round</td>
<td>41.2%</td>
<td>55.7%</td>
</tr>
<tr>
<td>Part-Time and/or Part-Year</td>
<td>30.0%</td>
<td>23.7%</td>
</tr>
<tr>
<td>Did Not Work</td>
<td>28.7%</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

Hours Worked on Days Worked among Full-Time Workers

Men 9.0 hours  Women 8.4 hours

1. At the median, both men and women work 40 hours per week.
   1. Research suggests men more likely to over-report work; women over-report family care.

2. Women work less because they are paid less.

Motherhood Penalty

- Men’s earnings increase with children; women’s decrease.
- Long-term unemployed workers (6 months out of the workforce) take 20 years to catch up; mothers never catch up.
Economic Decisions on Parenthood

Lower-paid partner will take on more home responsibilities.

Percent of Families where the Wife is the Highest Earner

Resume Studies Suggest Women’s Experience Discounted

Male and female pseudo-job seekers send similar resumes, but with different names.

1. Male receives more job offers.
2. Male receives higher starting salary offers.
3. Both male and female managers showed similar bias.

Source: Blau and Kahn, 2000
Experience Loss Explains Small Amount of Gap

Source: Blau & Kahn, Academy of Management Perspectives, 2007
And Some Other Stuff

Race, Union Status, Education, Etc.

Fewer Hours Worked

Occupation and Industry

Experience

Source: Blau & Kahn, Academy of Management Perspectives, 2007
What’s Left?

Unexplained Portion is about 9%, varies from 5% to 15% depending on study

Source: Blau & Kahn, Academy of Management Perspectives, 2007
What’s Left?

Culture and Behavior Issues

- Negotiation (and retaliation for negotiation)
- Competitiveness
- Hiring bias
- Gender Roles

Subtle and Subconscious Bias by Both Men and Women
Developing a Corporate Culture of Equal Pay

- Successful diversity policies include:
  - Executive involvement
  - Sponsorship programs
  - Enforcement

- Pay gaps within the same business and same occupations are rare.
  - Different job titles with similar duties
  - Across companies with women at the low end of market
Hiring

• Post a wage range to help women apply and negotiate.

• Most people make hiring decisions within 15 seconds of the interview.

• Gender balanced interview

• Testing is less biased than interviews

• % women applicants and likelihood of hire

![Graph showing likelihood of hiring a woman in different scenarios](https://hbr.org)
Retention

• Retention rates of men vs. women
  • Men switch jobs slightly more often than women
  • Women leaving often blamed on family, but usually its pay and lack of opportunity

• Compare wage levels to ranges published by Dept. of Labor & Industry

Make a Chart
(Or Better Yet, a Pay Audit)

Conclusions

- Much of the wage gap can be explained by human capital factors.

  There remains a gap.

- Research suggests cultural stereotypes of greater detriment than overt sexism.

- Culture changing more slowly than human capital factors.
data and presentations available at www.equalpay.mt.gov