

Does The Gender Pay Gap Prove Inequality In The Workplace? An Investigation On How The Gender Pay Gap Is Formed

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ABSTRACT

From the 1960s we have seen an enormous amount of progress towards equality in the workplace for gender relationships. Though, we currently face tremendous tensions between the two genders. The Gender Pay Gap has been widely used to prove the inequal treatment of women in promotion, hiring and even work conditions. This paper through only reviewing past literature offers an examination of the factors forming the Gender Pay Gap to show how harmful the Gap truly is to society. The main focus of the paper is Gender Roles mainly motherhood and how public policy hinders income potential of women, the Representation of women in high paying fields which is found to be the most important factor creating the Gap [4] and lastly Discrimination itself that although shows obvious signs of declining, it still persists [21]. The paper concludes that women through free choice lead to less paying possible careers which accounts for the larger part of the Gap. Still literature makes it obvious that discrimination still exists and is actively harming women's lives and careers. Finally, the paper suggests future research and opens a discussion on how ideally a society should treat its employees.

Keywords: Gender Pay Gap, Equality, Discrimination, Gender Roles, Motherhood, Representation

DEFINITION OF THE GENDER PAY GAP

The gender pay/wage gap is the different median or average (depending on the source) payment gender receive and it is calculated to be roughly 18 to 20% in the United States while 16% average in Europe, although in Europe depending on the country the Gender Pay Gap differs widely from one another (UK 21%, Belgium 6% etc.) [13]. Although the equation used is the same across the table, divide the earning of full-time female workers by the earning of full-time male workers. Depending on the source the pay gap could differ, some studies calculate the median yearly income and others calculate the average hourly wage. The fact is that the pay gap exists and across the globe the pay gap "favors" men.

"DO WOMEN GET PAID LESS FOR THE SAME JOB?"

A usual misconception of the public is that the Gender pay gap translates to the phrase "Women are paid 0.80\$ for every 1\$ a man makes in the same job", the "in the same job" part is totally arbitrary. Pay gap includes annual pay from all industries, all levels and all functions which doesn't prove that

men are getting paid more for the same job, paying differently employees based on gender for the same job is illegal since the Equal Pay Act of 1963. [11]

Moreover, a study by the KORN FERRY which included data from 14,284 companies in 53 different countries globally showed that the Gender Pay Gap if narrowed to the same job, industry and company it is globally lower than 1% and 0.9% in the US. [3]

Country	Overall Gap	Same Level	Same Level, Same Company	Same Level, Same Company Same Function
Average across globe	16.1 percent	5.3 percent	1.5 percent	0.5 percent
Brazil	26.2 percent	15.0 percent	5.5 percent	1.9 percent
China	12.7 percent	5.8 percent	1.0 percent	0.3 percent
France	14.1 percent	3.2 percent	3.0 percent	2.2 percent
Germany	16.8 percent	4.3 percent	3.2 percent	2.3 percent
India	16.1 percent	4.0 percent	0.4 percent	0.2 percent
U.K.	23.8 percent	8.3 percent	2.6 percent	1.3 percent
U.S.	17.6 percent	7.0 percent	2.6 percent	0.9 percent

Figure1. Different Gender Pay Gap types from different nations [3]

FACTORS AFFECTING THE GENDER PAY GAP

There are plenty of factors that create this gap (a) the average weekly hours worked from each gender. (b) The different occupation or/and industry preference, (c) gender roles like who does the household activities, motherhood, and fatherhood. (d) Discrimination towards women, (e) different gender psychology that affects effort, choice, thinking etc. (f) Educational background and study field preference and lastly (g) historical factors like oppression and institutional discrimination before the 60s.

To understand how society forms its gender pay gap we have to examine the literature and the history of the gap. From the 1960s to 1980s the Pay Gap was reduced rapidly. The most important factors causing these changes was the increase of labor experience of women and the reversal of educational gap, currently, in the US 56% of University graduates are female (44% male) [19] compared to the 70s that men were graduating from college-university in significant higher numbers than women while also choosing career-focused fields like law, engineering and business that most likely produce greater earnings [5]. The reduction rate of the pay gap (yearly) though stagnated majorly, showing also that the gap's reduction is slower at the top of the wage distribution.

The literature suggests that, currently, plenty of factors impact and create the 20% Gap of the US. The most important factor is found to be the differences in occupations and industries that women participate compared to men. Moreover, still, the experience gap plays a role to the gender pay gap. Gender "roles" is also a factor, like household activities and motherhood.

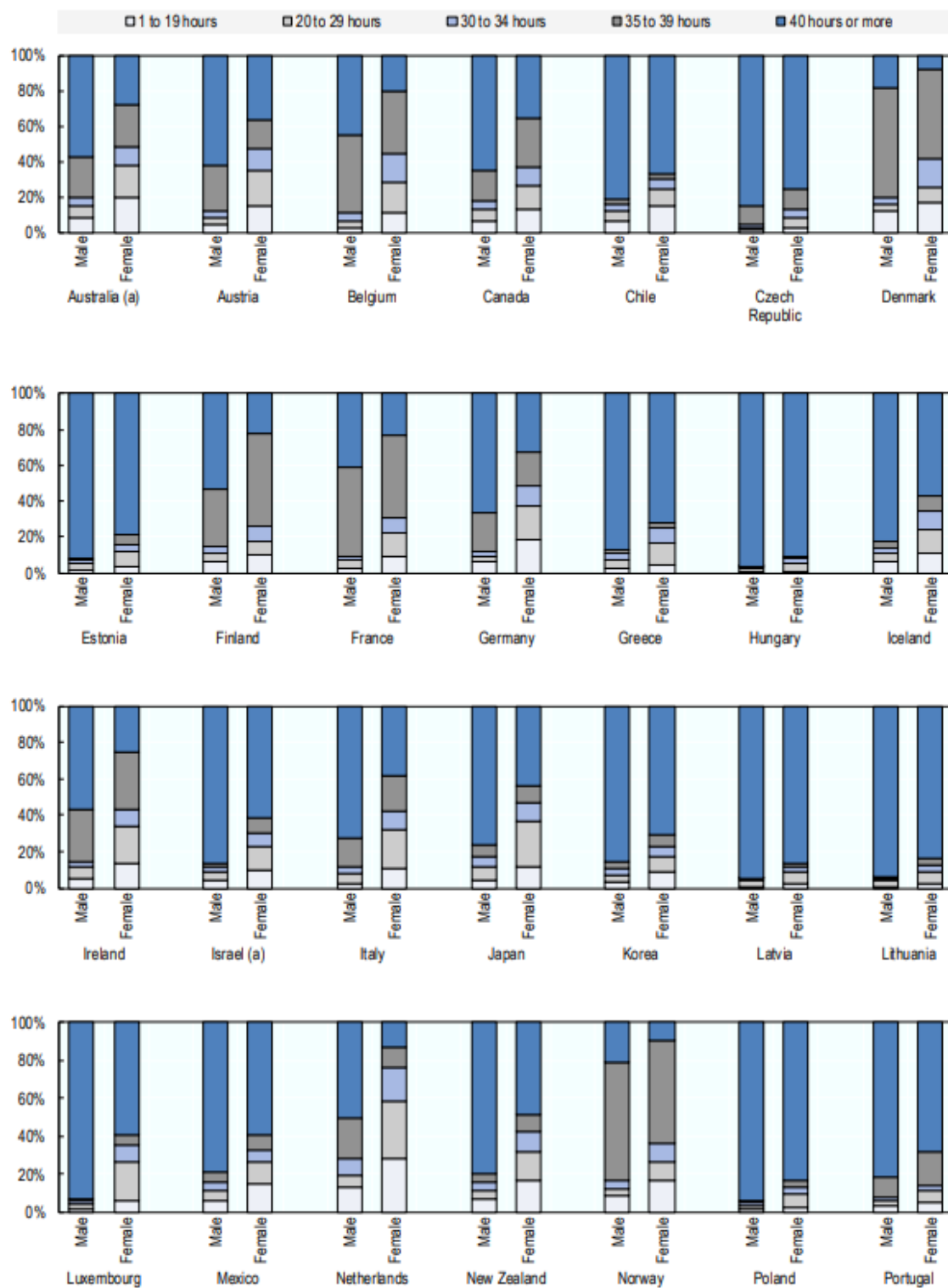
New gender psychology research suggests that certain abilities tend to be more developed for one gender than the other, like competitiveness for males and interpersonal skills for women. This explains partially the different choices genders make when choosing an industry or occupation. Specifically, a study suggests that competitive individuals earn 9% more income while male preference towards competition could explain roughly 10% of the pay gap. Lastly, competitive individuals tend to work in high paying industries and occupations. [22]

The literature indicates that still after calculating the impact of these factors to the gap, still, an unexplained part of the gap persists. This suggests, although does not prove, that discrimination is a factor creating or increasing the gap. [4]

METHODOLOGY PROBLEM

As previously mentioned, pay gap is calculated differently depending the source, yet there are some factors that the equation does not take into consideration like the different hours men and women work. Even though all studies collect data only from full time workers, still men working full time workers work more than women in most countries, on average. Based on the Bureau of Labor Statistics of the US women worked 36.6 hours weekly while men 41.0 (for the age of 16 and above). The same data narrowed down to only those working full time are 43.5 hours weekly for men and 41.1 hours weekly for women. Keep in mind that this data is weekly and not annual, a 2.4 hours difference might seem small, but it adds up to 9.6 hours difference worked per month and 115.2 hours annually [2].

A study from Harvard that looked into the data of the MBTA (Massachusetts Bay Transportation Authority), tried to explain the earnings gap amongst the two genders in the same field by their choices, women earn 0.89\$ for every 1\$ men make, both as bus and train operators. The study showed that men worked 83% more overtime hours while they also took 48% less unpaid day offs under the Family Medical Leave Act annually [12]. The paper concludes that the pay gap is justifiable merely by the different choice men and women make. The chart below by OECD shows as the number of hours that males and females are working weekly in many different countries globally. [20]



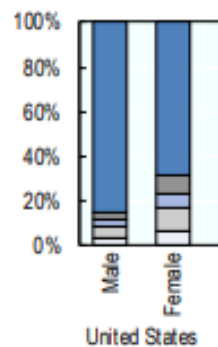


Figure2. Distribution of the employed by usual weekly working hours bands and gender, 2017 or latest available [20]

Motherhood and Gender Roles

Another major concern is the motherhood pay gap, meaning the pay gap between mothers and non-mother or/and the pay gap between mothers and fathers. The literature indicates that both the number of children in a household and the gender of the children directly affect the payment of mothers. Although, mothers decrease their wage gap immediately after their return in employment, based on the number and gender of their children the duration of the wage gap reduction is strongly affected. [15]

Not only that, but even though there is a motherhood penalty, on the contrary fathers have the fatherhood premium meaning that the gap is reversed between fathers and non-fathers further increasing the Pay Gap. Although from the 1980s the motherhood pay gap is constantly decreasing (on the top of the wage distribution, eliminated) the fatherhood premium increases. [14]

Another study shows that the motherhood pay gap (one child mothers) is estimated to be between 3.6-3.8% and the factors that impact its size are child-related work interruption, absence from job training, lost experience. And although mother-friendly environment is important it is found to be relatively low compared to other factors, with the most important factor being the choice of occupation of the mothers. [23]

An important and obvious question is whether employers are biased towards women based on the hypothesis that they are going to have children and take a “leave” from work. An important finding is that from family-friendly policies a paradox effect occurs, the gap increases instead of decreasing which creates a dilemma for future policy makers. [24]

Concerning the fatherhood premium, a study published in 2010 suggests that fathers earn more due to granting less satisfaction from their financial situation compare to non-fathers, concluding that married men due to dissatisfaction put more effort to their careers. Also, reduction of housework does not affect wage rate substantially. [18]

In addition, another paper suggests an important finding, the fatherhood premium seem to apply only in biological, married fathers that also live with the child. Stepfathers and non-married fathers do not receive the fatherhood premium. Also, fathers that are married to wives that work full time

also don't receive a fatherhood premium which could indicate that the fatherhood premium exists due to reduced household activities or effort in order to reduce wife's workload (outside of home). [17]

From what was previously mentioned it is obvious that motherhood penalty is still one of the factors that is directly affected by the institutional laws and governmental policies towards mothers. Plus, a dilemma raises from all these, "helping" mothers increases the penalty due to employer's fear of losing employees for more time while not helping mothers decreases the gap. One way of decreasing the gap and the discrimination against women (employer's fear that women will be soon mothers) is to help fathers instead by allowing them to take longer paternity leaves. Multiple studies show that longer paternity leaves decrease wage gaps. [1]

REPRESENTATION

The leading factor causing the pay gap is found to be the different representation in high vs low paying fields, with men dominating the former while women dominate the latter. A study conducted concerning the underrepresentation of women in STEM fields (science, technology, engineering, mathematics) and math intensive fields looks into the process of hiring, interviewing, publishing and funding women in these fields that also held the most high paying jobs within. The paper suggests that women are not underrepresented due to bias based on gender, women are getting interviewed in a slight excess compared to men while 52% of PhDs are awarded to women (57% in social sciences, 71% in psychology). [6]

The 3 major factors, family formation, ability differences and career preference. Women majorly prefer careers focusing on people as opposed to things. Thus, women are overrepresented in medicine, psychology, law, teaching etc. rather than math intensive fields. Secondly, in math tests women represent a small proportion of the top contestants compared to men [25].

The main question of what was previously mentioned is whether the differences that specifically affect women in math related fields (ability and preference) are due to biology or social stereotypes. The paper suggests that women should be realistically informed better about career opportunities and role models in the specific fields in order to decrease career choices based on stereotypes imposed to women [6].

On this matter a study compares gender personality differentiation across cultures. Focusing between individualistic, more egalitarian cultures like U.S or Northern Europe and more collectivistic, traditional role-based cultures like Taiwan or India. Predictions suggest that the differences amongst the two genders should be fewer in Western Cultures. Surprisingly, the study concludes the opposite, the more egalitarian and individualistic a country is, the wider the gender personality differentiations are. [7]

Lastly a study found that the underrepresentation of women in math intensive fields is partially due to more choice and not lack of ability. Meaning, comparing two groups, one with high math skills and medium verbal skills and the second group with high math and high verbal skills. They found that the former chooses more frequently STEM careers than the other while the latter had more females. Allegedly, women do better at both math and verbal skills (at the same time) more often than men. [27]

Research concerning the role of stereotypes affecting a child or/and teenager into choosing a particular field almost non-existent but necessary since it could explain on what extent women choose different fields than men due to, mostly, biology or mostly because they are discouraged to choose math intensive or competitive fields.

DISCRIMINATION

In this section we are trying to show how society still, even though allows women to freely choose careers and education still there are stereotypes that affect the hiring opportunity and generally the female psychology which later affects, partially, the gender pay gap through the bias decision makers have (HR offices, managers etc.) and the discouragement of female workers.

A study from Davison and Burke perfectly showed the existence of stereotypes and bias towards women by giving to two groups identical resumes with just opposite gender names. They found that men were preferred for jobs considered masculine and were slightly preferred for gender neutral jobs too, while women were preferred for jobs considered feminine (almost all jobs considered feminine also pay less than “masculine” jobs). The less job relevant information each group received the more discrimination females received. [9]

Is there any progress? A study by Powell G. answers “yes and no”, comparing results from 1999, 1985 and 1976 the study suggests that even though women have increased representation in managerial positions (21% in 1976 to 46% in 1999) both men and women from different age groups, education and work experience described a good manager with masculine characteristics. Yet, the preference of masculine characteristics in managerial position constantly, steadily decrease while the representation of women, currently, in managerial positions promises a continued decrease of managerial stereotypes overtime. [21]

Lastly, a study that focused on stereotypes in elementary school (U.S) boys and girls (6-10 years old) shows that boys had stronger identification with math while girls weaker, and boys agreed more with the argument “math is for boys” (or boys = math) although in elementary school girls receive higher grades and score equally to boys in achievement tests. These findings showed that gender stereotypes are acquired early in life of an individual. [8]

Labor Experience

As initially mentioned, one of the reasons the gender pay gap was decreasing rapidly since 1960s is women’s participation in the labor market that skyrocketed. Yet, it is important to state even though Labor Force Participation increased, currently has stagnated and for both men and women is slowly-steadily declining since 2000s. Still, men surpass women in LFPR with a difference of roughly 15% in the U.S (56.8% to 69.2% in 2016). [10]

It very important to understand that women are represented widely in the labor force roughly the last 20-30 years while men where dominant from the beginning, institutional gender equality (meaning the inexistence of directly segregating and sexist laws) is a very “new” phenomenon. Meaning that simply women did not have enough time to “reach men”. The average age of a CEO in the U.S is 54 (birth year of 1964) while for CFO is 49.

Plus, women were heavily oppressed from long before. We currently see the existence of sexism, although declining constantly, because women from the 60s to 90s had to enter work and education that was mostly male dominant [16].

From what was previously mentioned we can conclude that the literature suggests that (a) Stereotypes and bias against women is steadily decreasing while the increase of representation in the labor market increases the rate of which bias decreases. (b) Still, there are stereotypes that are heavily embedded into society that start even from early childhood. (c) The fact that society shows a general bias towards women indicates that also the decision makers, policy makers, HR managers etc. also possibly have that bias. Thus, affecting the hiring, promoting, and working opportunities of a female which could explain a part of the pay gap and partially argue that some of the choices of women are due to social oppression and not freedom of choice.

CONCLUSIONS AND DISCUSSIONS

In this paper we tried to show the “why and how” the pay gap is formed. “Does Gender Pay Gap prove inequality in the workplace?” the answer to the question based on the literature we reviewed is “not exactly”. It is tremendously hard to calculate what part of the pay gap is due to discrimination or bias although it is logical to be assumed that bias exists towards women which later also impacts to the pay gap. Yet, it is very far from the truth to also assume that the pay gap should be vanished since all facts show that the pay gap is mostly formed due to the choice's women take i.e. to study different fields than men, to work different schedules etc. and studies don't find evidence of discrimination in the hiring, interviewing process in the STEM field (which are the highest paying). Also, we see that men and women have more or less developed habits and abilities based on their gender.

We saw that the more egalitarian a society is the wider the difference between the personality traits of the genders which suggests, although doesn't prove, that gender abilities and psychology is biological to a major extent. Moreover, we found the optimistic finding that discrimination and stereotypes towards women (and men) are slowly steadily decreasing. Yet, as mentioned still the existence of bias towards women persists and affects both the psychology of women and their choices or/and career path. Lastly, we examined the importance of gender roles, mainly motherhood and concluded that is a very difficult and paradoxical phenomenon since the policies strongly affect both non-mothers and mothers. Most importantly “helping” mothers increases pay gap while not “helping” mothers decreases the pay gap but increases the insecurity of mothers.

Future research should focus on the sociocultural factors affecting girls and women and find out to what extent the choices they take are due to forced environmental reasons or due to different biology. Our suggestion is to repeat studies like David's and Burke's which are twenty years old and find out the current hiring bias towards masculinity and woman's leadership skills and find this way if the further increase in labor participation and graduation rates of women have affected the assumptions of the public.

The goal of the society should not be to vanish the gender pay gap because this implies that women have to be forced to do things they don't want to. Rather we should make sure to produce equal

opportunities for each individual no matter their gender and race, married or single and through research and discussion fight against bias and discrimination.

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