TESTIMONY BEFORE THE JOINT ECONOMIC COMMITTEE HEARING

 THE GENDER WAGE GAP

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SUMMARY OF TESTIMONY

The gender wage gap has fallen significantly over the previous decades, but improvement towards parity is likely to be more difficult. This is because unconscious gender bias is likely the source of the lower pay for women, resulting in lower hiring, training, mentoring, and promotion rates for women in higher-paid professional and managerial jobs. In addition, compensation schemes are likely to have embedded in them bias against women, either from undervaluing the work women perform, from establishing separate job evaluation systems for men’s and women’s jobs, and/or from historically underpaying female-dominated jobs and never correcting for these. Public policy can help close the gap by the following:

* Implement comparable worth (pay equity) to remedy historically underpaid women’s jobs, in the federal sector and for government contractors.
* Enforce non-discrimination laws and affirmative action.
* For government contractors, require more detailed records of hiring, promoting, training, and mentoring women compared to the available pool of workers. Once discrepancies are spotted, employers can affirmatively implement policies to ensure that representation by gender occurs, which will help advance women and close the gender pay gap.
* Require diversity, gender-free bias, and sexual harassment training in the federal sector and for government contractors.
* Implement paid family and medical leave and expand affordable, accessible childcare so that women can prosper in their careers.

Thank you Chairman Beyer, Ranking Member Mike Lee, and members of the Joint Committee. I am an economics professor at the University of Massachusetts, Boston, specializing in labor economics. I have conducted research on and studied the gender wage gap for my entire 30 year career. Women (25 years of age and older) today earn 81% of men, according to the Bureau of Labor Statistics data on median weekly earnings for full-time workers for 2020, the latest year available. Among those ages 16 and older, white women earn 82% of white men, African American women, 69%, and Latinas, 64% of white men, with Asian American women earning the same as white men.[[1]](#footnote-1)

The gender wage ratio has improved in the past decades, from a low of 65% decades ago. Much of the decline came about because women earned college degrees and advanced degrees, and entered fields that were not open to them back in the 1950s. The gender wage gap used to be determined in part by women working fewer hours than men, having lower levels of education, and being crowded into lower-paying, traditionally female jobs. But discrimination was also a factor in their lower pay. Many professions were not yet open to them.

Women have since advanced into law, medicine, journalism, and other professional jobs, as well as jobs such as bus driver and mail carrier that were also virtually closed to women. In some cases, it took lawsuits to initiate change. In others, schools (such as medical schools) opened their doors to women, largely as a result of Title IX. Currently, education is less a factor, since women are now more likely than men to graduate from college, and they are less likely than previously to take years off caring for children. Thirty years ago, you could count the number of female CEOs of Fortune 500 companies on one hand. Today, you need eight hands! Much progress has been made, but progress on reducing the gender wage gap has stalled, with the ratio of earnings steady in the low 80s%. Why?

Many believe that the easy work has been accomplished. Women gained education, are working more hours, and their careers look a lot like men’s. But subtle biases remain.

Many still view women as the primary caretakers of the home and children, and less the breadwinners in the family. Those who go against these social norms face the threat of divorce, a lower ability to marry, and societal disapproval.[[2]](#footnote-2) Without affordable, accessible childcare, women will continue to bear the lion’s share of this burden. Women who are married and have children are punished in the labor market with lower earnings. Men, however, are rewarded.

Within the labor market, occupational segregation is still a factor: Women are still more likely to be crowded in lower-paying, traditionally female jobs, such as administrative assistants, child care workers, and K-8 teachers. They are less likely to work in higher-paid managerial and professional jobs.

FIGURE 1: Progress in Closing the Gender Wage Gap has Stalled

The Gender Earnings Ratio, 1955-2020, Full-Time Workers[[3]](#footnote-3)



 Women work in lower-paid industries. They are less likely to work in oil and gas—those that pay more than average. In contrast, they are more likely to work in clothing and department stores—those that are lower-paying.

Women are also more likely to work in lower-paid firms. Female attorneys are less likely to work in private law practices and are more likely to work as government attorneys or for non-profits. Female physicians are less likely to work in private practices as doctors and more likely to work in HMOs.

Women often are clustered in lower-paying specialties within occupations and industries. Within management, they are more likely to work in staff positions like human resources, and less likely to work in line positions that have authority and responsibility (and higher pay). Within medicine, they are more likely to specialize as pediatricians, OB-GYNs, and in family practice and less likely to be neurosurgeons.

Finally, women work at lower rungs of the job ladder within any profession. They are less likely to be partners of law firms, Wall Street investment banks, hedge funds, and accounting firms. They are more likely to be entry level professors or adjunct professors rather than full professors.

**Gender Differences and Gender Biases**

Many suggest that women choose their occupations (sometimes in order to have flexible hours and to take care of their children), or that they are less productive because they work fewer hours. Or that they have less ambition than men do, not wanting to climb the rungs up to CEO. Although decades ago, these explanations may have been significant factors contributing to the gender wage gap, and although today they possibly could explain part of the gender wage gap, these don’t explain much of the gender wage gap today. Scores if not hundreds of studies show that women with the same abilities (measured as skills on their resumes, their grade point averages, or scores on their aptitude tests), ambitions, productivity (measured in performance evaluations, on their resumes, or on tests), and hours of work earn less than similar men. They are also less likely to be hired, promoted, trained, and mentored. When hired, they are offered lower pay.[[4]](#footnote-4)

Why? Much of this has to do with people simply feeling more affinity with people who are like themselves.[[5]](#footnote-5) Employers and employees want to hire people like themselves—they simply feel more comfortable with people who attended similar schools, lived in similar neighborhoods, and thus are in a similar socioeconomic stratum, similar culture, and social circles. They are more willing to train and mentor those they enjoy associating with. And they are more willing to trust and promote people like themselves as well. (This feeling of comfort because of similarity includes that by race as well as by gender).

The result is that women are less likely to be helped and mentored, or invited to join social events with their colleagues: going out to lunch, dinner or clubs after work (including strip clubs). They are less likely to become friends with their colleagues and potential mentors, losing out in training, mentoring, important assignments or working groups, advancement, and thus success in their fields.

Consequently, women are often treated differently: Either with hostility, because they are seen as different and not like the “in-group,” or with coldness and indifference. This has been documented well in the STEM fields,[[6]](#footnote-6) but anecdotal evidence from lawsuits against Wall Street firms, in management jobs, in the skilled trades, and others, show the pervasiveness of this type of behavior. Sexual harassment is also pervasive in many workplaces, and women often quit their jobs or don’t bother to apply to or work in firms with reputations of not treating women well.

Research suggests that women face many more subtle biases as well. Women’s achievements and work are simply not valued—even by women. Art with a women’s name on it is rated lower than the same piece with a man’s name. Female musicians are less likely to be hired unless they audition behind a screen so that people don’t know that they are women. Their music is simply not perceived to be as good! Research with a woman’s name on it must be of higher quality in order to be published. And women are less likely to receive tenure than men with similar dossiers.[[7]](#footnote-7)

**How Compensation is Determined**

Traditionally female dominated jobs, like K-8 teachers, child care workers, and home health aides are thought to be undervalued because of the simple fact that women perform the work. It is said that Margaret Meade was the first to notice that there were villages where men weave and women fish, and villages where men fish and women weave, but in either village, the work performed by men was valued higher. Decades ago, researchers noticed that male jobs like dog catchers or tree trimmers were paid more than child care workers, even though the training level and skill levels are arguably similar or even greater for child care. And Biblical scholars noted that in the Old Testament, the amount that women should earn in shekels was less than men, three-fifths or 60%. Cross-culturally and historically, women’s work has been valued less and also paid less.

These biases inform the very process of setting pay. Compensation courses in business school teach you that there are three factors in determining compensation systems. First, employers want to pay the market wage in order to attract and retain workers. This is known as external equity. In order to perform this, employers conduct, purchase, or view salary surveys. Second, within a firm, occupations are evaluated relative to each other, so that the more skilled, demanding, and responsible jobs (those with more to lose if something goes wrong) are paid more. The reason for this is that employees would become upset if they are undertaking more difficult work but earning the same or less than others. This is known as internal equity, and employers conduct job evaluations, where they evaluate the skill, effort, responsibility and working conditions (or other factors) of each occupation. Occupations with greater demands are awarded higher pay. Third, employees who perform more work or bring in more money to the firm are rewarded with higher pay even within occupations. Thus employers conduct performance evaluations and award merit pay. This is known as employee equity.[[8]](#footnote-8)

In practice, usually select jobs (such as Civil Engineer and Registered Nurse) are surveyed for market rates, and the pay for the other engineering and nursing jobs (such as Senior Civil Engineer and Registered Nurse 2) are then set in comparison to the skill levels required internally and are rewarded accordingly. In this example, the job evaluation might suggest that the occupation Senior Civil Engineer would be paid 15% more than Civil Engineer, and Registered Nurse 2, 20% more than Registered Nurse. Annual performance appraisals of incumbents are then conducted for employee equity.

Gender bias creeps into all of these processes. First, performance evaluations are found to discriminate against women, with women who receive higher performance evaluations receiving less merit pay than men with lower performance evaluations.[[9]](#footnote-9) Second, salary surveys involve many decisions by those conducting them, which can be manipulated to produce higher or lower outcomes. Which occupations are surveyed (if not all those within a firm)? Which firms? Private sector only, or include the public sector? What geographical areas? Are only union rates used? Given a large spread of earnings from salary surveys, which should be used? Do you take the median? The weighted average? The interquartile value? Thus bias can enter at many points and affect the resulting pay. My own research finds that the occupations primarily filled by men were more likely to have market wage surveys that included only urban areas, union rates, and higher-paid industries and firms compared to the occupations filled primarily by women, resulting in higher market pay rates.[[10]](#footnote-10)

When conducting job evaluations, occupations that are primarily filled by women are usually compared to other women’s occupations. Thus, management jobs are often only compared among themselves. A separate job evaluation will compare all scientist occupations. Yet another separate job evaluation will examine engineers. Separate job evaluations are often performed on trades and maintenance occupations; and a separate one for administrative assistants and clerical. If women’s jobs are underpaid (see below), and only compared with other women’s jobs, this will perpetuate gender inequities in pay. What is needed instead is that within a firm or company, to compare all occupations using one job evaluation and common criteria. When this is performed, the pay for women’s occupations increases. This strategy is known as comparable worth or pay equity.

Comparable worth is an idea and a strategy that pay should be set so that occupations with the same value to the employer should earn the same pay. Most employers (two-thirds to 80%)[[11]](#footnote-11) use some type of job evaluation. What comparable worth is promoting is that the criteria and job evaluation be applied consistently so that women’s occupations are evaluated the same way as men’s. For example, the employer can assign points to skill, effort, responsibility, and working conditions (such as 0-100 for the first three, and 0-10 for the last), and occupations with higher points would merit higher pay.

There is another good reason to re-do these job evaluations in this way, using only one job evaluation consistently and throughout the firm or business. When many pay systems were established long before pay discrimination was illegal, jobs primarily filled by women were underpaid simply because women worked in those occupations. And these compensation systems were seldom changed. For example, in Westinghouse, predominately female occupations with the same job evaluation points as predominately male jobs were explicitly paid less.[[12]](#footnote-12) In the 1930s, when the California Civil Service was establishing its compensation system and determining how to pay its various occupations, personnel administrators asked the policy-making body to make various decisions, such as whether it should pay union rates, geographical differentials, etc. One question asked if gender differences should be established[[13]](#footnote-13):

Question 5. Should any differences in pay on account of sex be made?

POSSIBLE METHODS OF PROCEDURE

Some of the possible methods of answering this question are as follows:

1. To pay men consistently more than women doing the same kind of work.
2. To pay men and women doing the same kind of work the same, regardless of sex.
3. When men and women do the same kind of work to make no difference, but to pay somewhat higher for those occupations filled predominately by men than for those occupations filled predominately by women, where, aside from sex, the qualifications are the same.

RECOMMENDED PROCEDURE

The compensation staff recommends that the third of the methods outlined above be followed, the differentials to be limited to those kinds of occupations where in the commercial world distinctions are made in the pay for workers engaged in occupations predominately filled by men as compared to those predominately filled by women.

Memos indicate that the third option was adopted, and occupations filled primarily by women were underpaid between 22% to 36%. Moreover, this underpayment of wages continues to the present.[[14]](#footnote-14) The same person who established this compensation system did the same across the US and the world, including White Plains, NY and the Philippines, and used the same question 5 on gender differentials in establishing these other pay systems as well.

**Intersectionality of race and gender: A**s noted in the beginning, women of color have additional wage gaps based on both gender and race or ethnicity. My own research finds that African American women suffer a 15% gender penalty, a 9% race penalty, and an additional 3% intersectional penalty due to both their race and gender. Latinas suffer similarly.[[15]](#footnote-15) Asian American women[[16]](#footnote-16) suffer from an intersectional penalty and a gender penalty, and the race penalty cannot be separated from the gender penalty. For African American women, the cause of these additional earnings penalties seems to be their working in lower-paid jobs within industries and occupations.

 **Policies to Alleviate the Gender Wage Gap**

Policy solutions to reduce the gender pay gap are many, because the source of the wage gap are many.

**Implement Comparable worth (Pay Equity)**: Although this has fallen out of political favor, Australia implemented this 30 years ago (it sets minimum wages by occupation), so did the province of Ontario in Canada, the state of Minnesota (for state workers), San Jose in California, and the Vacaville School District in California, among others. All could afford this. Studies conducted at this time found that comparable worth would reduce the poverty rate by half, since women and children comprised three-quarters of the poor. The US Congress can implement comparable worth for federal workers. It can require government contractors to conduct a job evaluation of all its occupations and adjust pay from these accordingly, or the federal government can also make pay equity a factor in rewarding government contracts.

**Enforce Existing Non-Discrimination Laws: and Affirmative Action** Title VII of the 1964 Civil Rights Act has been very successful when enforced. Affirmative action worked 40 years ago to open the doors so that women could enter traditionally male-dominated jobs. It increased women’s employment and pay. It can continue to do so in the skilled trades, sciences, engineering, and IT jobs. Affirmative action requires that companies that receive government contracts compare their gender and racial composition with that of the available workforce, and when needed, implement voluntary goals and timetables to take affirmative steps in increasing the representation of women, such as publicizing available jobs, recruiting women, and training and mentoring women. In extreme cases of discrimination, court-mandated quotas are imposed.[[17]](#footnote-17)

**Implement affordable, accessible child care**. So women can work, given that women continue to bear the largest share of the burden of child care and housework. Many countries, especially in Western Europe and Scandinavia, have managed to do this. We can too.

**Implement paid family and medical leave**: Allow parents to care for their newborn or ill children. Allow working adults to care for their aging parents when they are in need. Currently, this leave remains unpaid unless state law requires it or employers act voluntarily. Without a federal law, the vast majority of care leaves are unpaid, and for the 40% of workers without federal job protection for leave, can even result in job loss.

**Mandate sexual harassment and diversity training** for all federal government workers and for all government contractors. The subtle biases that exist don’t need to, and people can be trained to become aware of exclusionary and discouraging behaviors.

**Reporting:** Mandate reporting of the composition of the workforce, hiring and pay in every workplace, by gender and race. The EEOC categories are too broad. Include narrower occupational groups. What do women get paid in various occupations? What do men? How many men were hired and in what occupations? How many women? How many applied and were interviewed? What percentage of women are on the Board of Directors? What percentage of women are in higher management? How many female CEOs have there been in the last 10 years? People of color? At least require this for government contractors and use this information to award government contracts.

**Conclusion**

These and other remedies can help begin narrowing the gender wage gap again. Because the source of the wage gap is most likely stemming from subtle, unconscious gender bias, narrowing the gap further is likely to be more difficult than in previous decades. This is why keeping records to see if firms are hiring, promoting, training, and mentoring women in their representative numbers is critical—employers are unlikely to spot these gender biases without such data. Once discrepancies are spotted, employers can affirmatively implement policies to ensure that representation by gender occurs, which will help advance women and close the gender pay gap. Implementing comparable worth will single-handedly remedy gender bias in compensation structures, and this has been successfully implemented in localities, states, and countries. Diversity, gender-free bias, and sexual harassment training will allow employees to understand how seemingly small behaviors can hinder women’s progress in their careers and perpetuate the gender wage gap. And as the pandemic showed very clearly, child care and family care is essential work that prevents women from fully participating in the labor market. Paid family and medical leave and affordable, accessible childcare is critical so that women can prosper in their careers.

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1. Calculations from US Bureau of Labor Statistics, Table 37, Median earnings of full-time age and salary workers by selected characteristics. Note that using median annual earnings of full-time, year-round workers or from other years may yield somewhat different measurements; however, the overall patterns are the same. See Figure 1 for an example of this. [↑](#footnote-ref-1)
2. Arlie Hochschild, *The Second Shift: Working Parents and the Revolution at Home* (1989, 1997, 2012 NY: Viking Penguin). Marianne Bertrand, Emir Kamenies and Jessica Pan. 2015. Gender Identity and Relative Income Within Households. *The Quarterly Journal of Economics*, 130(2): 571-614; Marianne Bertrand, Patricia Cortex, Claudia Olivetti, and Jessica Pan, 2020. Social Norms, Labor Market Opportunities, and the Marriage Gap Between Skilled and Unskilled Women. 2020. [↑](#footnote-ref-2)
3. From Figure 3 of the same title in Ariane Hegewisch and Eve Mefferd’s 2021, The Weekly Gender Wage Gap by race and ethnicity: 2020. Institute for Women’s Policy Research. [↑](#footnote-ref-3)
4. Catherine Weinberger and Lois Joy, 2007, Relative Earnings of Black College Graduates. In Marlene Kim’s, Ed., *Race and Economic Opportunity in the Twenty-First Century*. London: Routledge; Melissa Binder, Kate Krause, Janie Chernak, Jennifer Thacher, and Julia Gilroy. 2010. Same work, different pay? Evidence from a US public university. *Feminist Economics*, 16(4): 105-35; Ryan Smith, 2012, Money, Benefits and Power: A Testing the Glass Ceiling and Glass Escalator Hypothesis. *Annuals of the American Academy of Political and Social Science*, 635; Rhea E. Steinpreis, Katie A. Anders, and Dawn Ritzke. 1999. The Impact of Gender on the Review of the Curricula Vitae of Job Applicants and Tenure Candidates: A National Empirical Study, *Sex Rol*es, 41(7/8): 510-528. [↑](#footnote-ref-4)
5. Rosabeth Moss Kanter’s *Men and Women of the Corporation* (1977; NY: Basic Books) was the first to point this out. Social psychological studies of “in” and “out” groups have documented similar behaviors. [↑](#footnote-ref-5)
6. Silvia Ann Hewlett, Carolyn Buck Luce, Lisa J. Servon, Laura Sherbin, Peggy Shiller, Eytan Sosnovich, and Karen Sumbert. 2008. The Athena Factor: Reversing the Brain Drain in Science, Engineering, and Technology. *Harvard Business Review Research Report* No. 10094. [↑](#footnote-ref-6)
7. Claudia Goldin and Celia Rouse. Orchestrating Impartiality: ‘Blind’ Auditions on Female Musicians. *American Economic Review*, 90(4): 715-741 ; David Card, Stefano Della Vigna, Patricia Funk, and Nagore Iriberri. 2018. Are Referees and Editors in Economics Gender Neutral? *Quarterly Journal of Economics*, 135(1): 269-327; Donna K. Ginther and Shulamit Kahn 2021. Women in Academic Economics: Have We Made Progress? *American Economic Review Paper and Proceeding*, 111:138-42; Rhea E. Steinpreis, Katie A. Anders, and Dawn Ritzke. 1999. The Impact of Gender on the Review of the Curricula Vitae of Job Applicants and Tenure Candidates: A National Empirical Study, *Sex Rol*es, 41(7/8): 510-528; Erin Hengel. 2015. Publishing while female: Are women held to higher standards? Evidence from peer review. Mimeo. [↑](#footnote-ref-7)
8. George T. Milkovich, Jerry Newman, and Barry Gerhart. 2019. *Compensation* (India: Mac Graw Hill) [↑](#footnote-ref-8)
9. Emilio Castilla, in his 2012, Gender, Race, and the New (Merit-Based) Employment Relationship, *Industrial Relations* 51(S1):528-562, and 2008, Gender, Race, and Meritocracy in Organizational Careers. *American Journal of Sociology,* 113(6):1479-1526, finds that women and racial and ethnic minorities are rewarded less from their performance evaluations compared to white men. In addition, racial and ethnic minorities receive lower performance appraisals, while women receive higher ratings. [↑](#footnote-ref-9)
10. Marlene Kim. 2000. "Employers’ Estimates of Market Wages: Implications for Discrimination,” *Feminist Economics*, 6(2): 97-114. [↑](#footnote-ref-10)
11. George T. Milkovich, Jerry Newman, and Barry Gerhart. 2019. *Compensation* (India: Mac Graw Hill) [↑](#footnote-ref-11)
12. Winn Newman. 1976. Combatting Occupational Segregation: Presentation III. *In Women in the Workplace: The Implications of Occupational Segregation*, Eds. By Martha Blaxall and Barbara Reagan. (Chicago: University of Chicago Press): 265-72. [↑](#footnote-ref-12)
13. Marlene Kim. 1999. Inertia and Discrimination in the California State Civil Service*. Industrial Relations*, 38(1): 46-68. Quoted from page 53. [↑](#footnote-ref-13)
14. Marlene Kim. 1999. Inertia and Discrimination in the California State Civil Service*. Industrial Relations*, 38(1): 46-68. [↑](#footnote-ref-14)
15. Marlene Kim. 2009. “Race and Gender Differences in the Earnings of Black Workers.” *Industrial Relations,* 48(3): 466-88*.* [↑](#footnote-ref-15)
16. Because Asian American women are more likely than white men to have college and advanced degrees, they should earn higher wages, not wages that are the same. [↑](#footnote-ref-16)
17. Doris Weichselbaumer and Rudolf Winter-Ebmer. 2007. International Gender Wage Gaps, *Economic Policy*, 237-287; Jonathan Leonard. 1989. Women and affirmative action*. Journal of Economic Perspectives* 3:61-75. [↑](#footnote-ref-17)