Earnings Inequality and the Gender Pay Gap

Nicole Fortin
Vancouver School of Economics and Canadian Institute for Advanced Research
Earnings Inequality and the Gender Pay Gap

and Brian Bell, Oxford University and LSE

and with the collaboration of Marie Drolet and Aneta Bonikowska
Top Income Inequality and the Gender Pay Gap
Soaring Top Incomes in the United States

Top 10% Pre-tax Income Share in the US, 1917-2013

Source: Piketty and Saez, 2003 updated to 2013. Series based on pre-tax cash market income including realized capital gains and excluding government transfers.
Mostly among the top 1%

Decomposing Top 10% into 3 Groups, 1913-2013

- Top 1% (incomes above $392,000 in 2013)
- Top 5-1% (incomes between $165,500 and $392,000)
- Top 10-5% (incomes between $116,500 and $165,500)

Source: Piketty and Saez, 2003 updated to 2013. Series based on pre-tax cash market income including realized capital gains and excluding government transfers.
A. Top 1% income shares in English-speaking countries (U-shape)

Source: Alvaredo, Atkinson, Piketty and Saez (2013)
B. Top 1% income shares in continental Europe and Japan (L-shape)

Source: Alvaredo, Atkinson, Piketty and Saez (2013)
Largest Increases in Top Income Shares in Countries with Highest Women's Labour Force Participation Rates

Source: BLS and Conference Board, International Labor Statistics, adjusted to US concepts, persons aged 15/16 and over
And Long Standing High Share of Women in LF

Women's Share of the Labour Force

- United States
- Canada
- United Kingdom
- France
- Germany
- Sweden

Source: BLS and Conference Board, International Labor Statistics, adjusted to US concepts, persons aged 15/16 and over
The Report, “Good for Business: A Plan to Promote More Women on Canadian Boards” laid out aspirational goals for Canada’s public and private sectors, most notably, a national goal of 30% women on boards by 2019, as well as a number of best practices in use to successfully advance more women into board positions.
Increasing Earnings Inequality in Top Incomes and the Gender Pay Gap

• Questions of interest:

1) What are the consequences of the under-representation of women in top jobs for the overall gender pay gap?

2) How is it contributing to the slowdown in the convergence of female/male pay?

3) What public policies and firm practices are more effective to improve this under-representation?
Increasing Earnings Inequality in Top Incomes and the Gender Pay Gap

• When residual inequality experienced stupendous increases in the 1980s, Blau and Kahn (1997) coined the term “swimming upstream” to characterize women’s pursuit of pay equality in the face of countervailing currents.

• Have recent increases in top incomes lead to similar effects, therefore accounting for the slower progress in the gender pay and growing unexplained (by traditional factors) share?

• To the extent that some of the increases in top incomes are associated with excesses in rent seeking, curtailing those excesses would slow the countervailing currents.
Increasing Earnings Inequality in Top Incomes and the Gender Pay Gap

• Apply the approach used in the analysis of earnings inequality in top incomes (developed by Thomas Piketty, Emmanuel Saez, and co-authors), as well as reweighing techniques à la DiNardo, Fortin and Lemieux (1996) [DFL] to the analysis of the gender pay gap

• As in the analysis of top incomes shares, we will use all earnings data from the Canadian Longitudinal Worker Files (LWF, 1983-2010) and the UK- Annual Survey of Hours and Earnings (ASHE, 1999-2015)

Canadian Data

**Longitudinal Worker File (LWF)**

- 10% random longitudinal sample of all Canadian workers
- Integrates tax data from the T1 and T4 files of Canada (CRA) and the LEAP (Statistics Canada)
- Years: 1983-2010
- **Annual earnings from all jobs, include bonuses, honorariums, etc.**
- Selected if > half of minimum wage earnings equivalent
- Select workers age 25 to 64

British Data

**Annual Survey of Hours and Earnings (ASHE)**

- 1% panel of workers based on social security number
- Statutory filing required by employers
- Years: 1999-2015
- **Annual earnings includes all cash compensation, including bonuses etc.**
- Selected if > half of minimum wage annual earnings equivalent
- Select workers aged 25 to 64
Canadian Data

Longitudinal Worker File (LWF)

• No self-employment income
• No labour supply information
• Top coded at P99.99 ≈ $2,000,000 in 1983 to ≈$10,000,000 in 2000
• Available covariates: union coverage, age, industry
• CPI adjusted to 2010$CAN

British Data

Annual Survey of Hours and Earnings (ASHE)

• No self-employment income
• No top-coding
• Available covariates: age, industry, occupation, region
• CPI adjusted to 2010£
Canadian Data

Labour Force Survey (LFS) Public Use

• Monthly survey on approximately 100,000 individuals rotating 6-months panel sample design
• Years: 1997-2015
• Hourly wage of employees from main job
• Selected if > half the minimum wage
• Select workers age 25 to 64 (age only available in 5-year intervals)

British Data

Labour Force Survey (LFS) Public Use

• Quarterly survey on approximately 100,000 individuals rotating 6-months panel sample design (wage data only for sub-sample)
• Years: 1993-2015
• Hourly wage of employees from main job, includes overtime
• Selected if > half the minimum wage (or equivalent before 1999)
• Select workers age 25 to 64
Canadian Data

Labour Force Survey (LFS) Public Use

• No self-employment income
• Number of weeks worked unavailable
• Top-coding (P99.9) from \( \approx \$95/\text{hour in 1997} \approx \$125/\text{hour in 2015} \)
• At 2080 (=52wk*40hrs) hrs/year, from $200,000 to $260,000
• Available covariates: age, union, education, occupation, industry, firm size, etc.
• CPI adjusted to 2010$CAN

British Data

Labour Force Survey (LFS) Public Use

• No self-employment income
• Number of weeks worked unavailable
• Top-reliable wage: £99 nominal
• At 2080 (=52wk*40hrs) hrs/year, £208,000 (\( \approx \$332,800 \))
• Available covariates: age, marital status, education, occupation, industry, etc.
• CPI adjusted to 2010£
Trends

1) Evolution of female labour force participation
   a) Extensive margin (LFP)
   b) Intensive margin (hours of work)
2) Evolution of female/male average wage and earnings ratios
3) Evolution of female shares across top percentiles of the overall distribution of wage and earnings
4) Counterfactuals with alternative simulations
Generational Effects in the Growth of Canadian Women’s LFP

Women's Labour Force Participation by Synthetic Birth Cohort

Source: Canadian LFS public use files, ages 25 to 64 year
Generational Effects in the Growth of British Women’s LFP

Women’s Labour Force Participation by Birth Cohort

Source: UK-LFS public use files, ages 25 to 64 year
The Women’s Liberation Movement of the 1960s and The “Pill”

- Goldin and Katz (2002) and Bailey (2006) point out to important changes in women’s LFP occurring in the 1960’s
- Women born after the mid-1950s had access to reliable contraception
- More likely to pursue higher education and enter life-long careers
- Accompanied by a decline in traditional gender roles attitudes which stabilized in the mid-1990s in the U.S. (Fortin, 2015)
- Before married women were more likely ‘secondary workers’ who entered the labour market when kids were in school
- Mulligan and Rubinstein (2013) argue that the closing of the gender pay gap is largely due to changing selection of women into the labour market
Generational Effects in the Growth of Women’s LFP

Source: Canadian and UK-LFS public use files, ages 25 to 64 year

* Due to attrition in age groupings
Continued Gender Convergence?

• According to the Mincer-Polachek hypothesis (1974), gender differences in experience and labour force attachment are the key determinants of the gender wage gap.

• Blau and Kahn (2016) found that declining gender differences in experience in the United States accounted for 18-31% of wage convergence between men and women over the 1980-2000 period.

• Going forward, Goldin (2014) suggested that the impact of work force interruptions for family responsibilities should be understood in the context of temporal flexibility (or the lack thereof) in impacting the gender wage gap.
Gender Gap in Average Total Weekly Hours by Synthetic Birth Cohort

Canada

United Kingdom

Source: Canadian and UK LFS data, ages 25 to 64 year, employed with positive hours of work, usual hours from all jobs
Gender Gap in Average Total Weekly Hours by Synthetic Birth Cohort

Source: Canadian and UK LFS data, ages 25 to 64 year, employed with positive hours of work, usual hours from all jobs
Gender Gap in Hours and Increasing Earnings Inequality in Top Incomes

• Kuhn and Lozano (2008) had shown increases in long hours of work (>48 hours a week) among highly educated highly-paid older men was greatest in detailed occupations and industries with larger increases in residual wage inequality.

• Pointing to some high penalty for flexibility in some high wage occupations, Goldin (2014) further conjectures that rewards to working long hours are an obstacle for the gender gap in pay to vanish.

• Cortes and Pan (2015) find that highly competitive jobs (O*NET characteristics) also have long hours.

• Cortes and Pan (2016) find that across countries long hours lowers the share of married women in corresponding occupations.
Trends

1) Evolution of female labour force participation
   a) Extensive margin (LFP): substantial progress
   b) Intensive margin (hours of work): less convergence
2) Evolution of female/male “raw” wage and earnings ratios: Continuing progress?
3) Evolution of female shares across top percentiles of the overall distribution of wage and earnings
4) Counterfactuals with alternative simulations
What is the preferred measure of the gender pay gap?

• “Hourly Wage” ratio ≈ 85% in Canada and ≈ 82%* in the UK is the preferred measure to consider whether employers treat women fairly and should be used in statements such as “women earn 85 cents out (82p) of every $1 (£1) men earn”

• “Annual (Weekly) Earnings of Full-Time Workers” ratio ≈ 70% in Canada and (≈ 64%*) in the UK

• Because many women working full-time full-year work less hours a week than men (clerical vs. industrial workers) mixes the number of hours worked with how much is earned by hour

Source: *Dias, Elming and Joyce (2016)
What is the preferred measure of the gender pay gap?

- But for the very top income groups, the “All Annual Earnings” measure is the only one available (from tax data)
- “Annual Earnings” ratio ≈ 65% in Canada and 62%* in the UK
- It also gives a better idea of costs of women’s lower labour supply or impact of bonuses
- In terms of the present value of total cumulative earnings (1991-2000) from the Canadian LWF (combined with the 1991 Census),
  - **PV Cumulative Earnings ratio** ≈ 57%** for university graduates and college graduates, ≈ 53% for high school graduates

Source: * ASHE-Public Release for 2015; **Frenette (2014)
Generational Effects in the Gender Ratio in Hourly Wages

Source: Canadian and UK LFS data, ages 25 to 64 year, hourly wage on the main job

Source: Canadian and UK LFS data, ages 25 to 64 year, hourly wage on the main job
Generational Effects in the Gender Ratio in Annual Earnings

Canadian Gender Gap in Annual Earnings by Synthetic Birth Cohort

Source: Fortin, Drolet and Bonikowska (2016), LWF data, ages 25 to 64 year, 3-year moving average annual earnings from all jobs.
Standard Decomposition of the Gender Pay Gap

• The Oaxaca-Blinder decomposition starts with gender-specific OLS regressions of individual characteristics on (log) wages:
  \[ Y_g = X_g' \beta_g + \epsilon_g, \quad g = m, f \]

• Constructs a counterfactual wage such as “what would be the average wage of women if they had the same characteristics as men”
  \[ \bar{Y}_f^m = \bar{X}_m' \beta_f = \text{quantities}_m \times \text{price}_f \]

• Divides the average gender pay gap into “explained” and “unexplained” part
  \[ \bar{Y}_m - \bar{Y}_f = (Y_f^m - \bar{Y}_f) + (\bar{Y}_m - \bar{Y}^m_f) = (\bar{X}_m' - \bar{X}_f')\beta_f + \bar{X}_m' (\beta_m - \beta_f) \]
  explained       unexplained
Gender Pay Gap Largely “Unexplained” by Human Capital Variables

• For the United States, Blau and Kahn (2016) using human capital variables, including actual experience from the PSID, find a notable decline in the unexplained gap—from 0.341 log points in 1980 to 0.197 log points in 2010.

• But as a share of the gender gap in both years, the unexplained portion is actually a larger share of gap in 2010 (85%) than in 1980 (71%).

• For Canada, Baker and Drolet report results along the same line; they also find that the share of the gap that remains unexplained by education, occupation, and industry is also around 85% in 2008.

• Part of the problem comes from countervailing variables, such as education which have turned negative?
Table 4: Decomposition of Gender Wage Gap, 1980 and 2010 (PSID)

<table>
<thead>
<tr>
<th>Variables</th>
<th>1980</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Effect of Gender Gap in Explanatory Variables</td>
<td>Effect of Gender Gap in Explanatory Variables</td>
</tr>
<tr>
<td></td>
<td>Log Points</td>
<td>Percent of Gender Gap Explained</td>
</tr>
<tr>
<td>Education Variables</td>
<td>0.0129</td>
<td>2.7%</td>
</tr>
<tr>
<td>Experience Variables</td>
<td>0.1141</td>
<td>23.9%</td>
</tr>
<tr>
<td>Region Variables</td>
<td>0.0019</td>
<td>0.4%</td>
</tr>
<tr>
<td>Race Variables</td>
<td>0.0076</td>
<td>1.6%</td>
</tr>
<tr>
<td>Total Explained</td>
<td>0.1365</td>
<td>28.6%</td>
</tr>
<tr>
<td>Total Unexplained Gap</td>
<td>0.3405</td>
<td>71.4%</td>
</tr>
<tr>
<td>Total Pay Gap</td>
<td>0.4770</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

A. Human Capital Specification

Notes: Sample includes full time nonfarm wage and salary workers age 25-64 with at least 26 weeks of employment. Entries are the male-female differential in the indicated variables multiplied by the current year male log wage coefficients for the corresponding variables. The total unexplained gap is the mean female residual from the male log wage equation.

Source: Blau and Kahn (2016)
Trends

1) Evolution of female/male labour force participation
   a) Extensive margin (LFP)
   b) Intensive margin (hours of work)

2) Evolution of female/male average wage and earnings ratios:
   Slower progress in recent years, share of the gap unexplained is not decreasing

3) Evolution of female shares across top percentiles of the overall distribution of wage and earnings

4) Counterfactuals with alternative simulations
Gender Gap in Top Incomes

• Follow Guvenen, Kaplan, and Song (2014) in using the thresholds of the wage and earnings distribution for men and women combined.

• Depart from the traditional literature on the glass ceiling which compares the pay gap at percentiles of the gender-specific distributions.

• Depart from most of the literature which uses the logarithm of wages or earnings in order to emphasize the top end.

• Allow for the construction of counterfactuals to study the under-representation of women in top income groups.
### Thresholds of Top Incomes - 2010

#### Annual Earnings for all jobs

<table>
<thead>
<tr>
<th>Country</th>
<th>Top 0.1%</th>
<th>Top 1%</th>
<th>Top 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian - LWF</td>
<td>$662,860</td>
<td>$206,785</td>
<td>$92,000</td>
</tr>
<tr>
<td>UK –ASHE*</td>
<td>£395,800 ($633,280)</td>
<td>£125,651 ($201,042)</td>
<td>£48,456 ($77,530)</td>
</tr>
</tbody>
</table>

#### Hourly wages on the main job

<table>
<thead>
<tr>
<th>Country</th>
<th>Top 0.1%</th>
<th>Top 1%</th>
<th>Top 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian - LFS</td>
<td>$66 ($137,000) at 2080 hrs</td>
<td>$53 ($110,000)</td>
<td>$35 ($73,000)</td>
</tr>
<tr>
<td>UK - LFS</td>
<td>£75 ($250,000) at 2080 hrs</td>
<td>£48 ($160,000)</td>
<td>£23 ($77,000)</td>
</tr>
</tbody>
</table>

* Numbers are averages around the actual cut-off value to ensure confidentiality*
Larger Increases for Top Earners (until the Financial Crisis!)

Canadian All Earnings Trends

Source: LWF 1983-2010, 25-64 years old, Annual earnings from all jobs
Gender Differences in Hourly Wage Distributions - Canada

A. 1997-2002

Top 10% Top 1% Top 0.1%

Top 10% Top 1% Top 0.1%

Hourly Wage ($2010)

Source: Fortin, Drolet and Bonikowska (2016), LFS 1997-2015, 25-64 years old, Hourly wage from the main job
Gender Differences in Hourly Wage Distributions

A. 1997-2002

Top 10%: 3:2
Top 1%: 4:1
Top 0.1%: 8:1

B. 2011-2015

Top 10%: 4:1
Top 1%: 8:1
Top 0.1%: 4:1

Source: Fortin, Drolet and Bonikowska (2016) Computation, LFS 1997-2015, 25-64 years old, Hourly wage from the main job
In the UK, the Financial Crisis Has Hit Hard the Top 1%
but earnings growth in lower centiles groupings is similar to Canada’s
Gender Differences in Hourly Wage Distributions - UK

**A. 1993-1998**

Source: UK-LFS, 25-64 years old, Hourly wage from the main job
Share of Women in Selected Percentiles of Hourly Wages:
Slower Convergence in Share of Women among Top Earners

Canada

United Kingdom

Source: Canadian LFS 1997-2015, 25-64 years old, Hourly wages from the main job

Source: UK LFS 1993-2015, 25-64 years old, Hourly wages from the main job (includes overtime)
Share of Women in Selected Percentiles of Annual Earnings: Slower Convergence in Share of Women among Top Earners

Source: Canadian LWF 1983-2010, and UK-ASHE 1999-2015, 25-64 years old, Annual earnings from all jobs
Gender Ratio in Average Hourly Wages by Selected Percentiles:
Under-representation of women in top jobs makes for a less favorable overall gender pay.
Gender Ratio in Annual Earning by Selected Percentiles:
Under-representation of women in top jobs slows its progress

Source: Canadian LWF 1983-2010, and UK-ASHR, 1999-2015, 25-64 years old, Annual earnings from all jobs
Trends

1) Evolution of female labour force participation
   a) Extensive margin (LFP)
   b) Intensive margin (hours of work)

2) Evolution of female/male average wage and earnings ratios:

3) Evolution of female shares across top percentiles of the overall distribution of wage and earnings

4) Counterfactuals with alternative simulations
   a) Using male shares in selected percentile earnings
   b) Using male industrial distribution
Counterfactual Gender Pay Gaps and Reweighting

• Kline (2011) shows that the counterfactual (letting $D_i = 1$ denote male),

$$\mu_0^1 = E[X_i | D_i = 1]' \beta^0$$

can be computed from an OB regression

$$\mu_0^1 = E[X_i | D_i = 1]' \times E[X_i X_i' | D_i = 0]^{-1} E[X_i X_i' | D_i = 0]$$

• Or using reweighting à la DFL

$$\mu_0^1 = E[w(X_i) Y_i | D_i = 0] \text{ where } w(X_i) \equiv \frac{P(X_i | D_i = 1)}{P(X_i | D_i = 0)} = \left(\frac{1-\pi}{\pi}\right) \frac{e(X_i)}{1-e(X_i)}$$

with $\pi \equiv P(D_i = 1)$ and $e(X_i) = P(D_i = 1 | X_i)$, under the assumptions of common support $e(X_i) < 1$ and conditional independence $(Y_i^1, Y_i^0) \perp D_i | X_i$
Counterfactual Gender Pay Gaps and Reweighting

• The sample analogues are: \( \pi = \frac{N_1}{N} \) and \( \left( \frac{1-\pi}{\pi} \right) = \frac{N_0}{N_1} \)

• If \( X_i \) is a \( j \)-category variable, \( e(X_{ij}) = \frac{N_{1j}}{N_j} \) and \( \frac{e(X_i)}{1-e(X_i)} = \frac{N_{1j}}{N_{0j}} \)

• So that reweighing observations requires only the ratio of shares in each \( j \)-category:
  \[
  w(X_{ij}) = \frac{N_0}{N_1} \times \frac{N_{1j}}{N_{0j}} = \frac{S_{1j}}{S_{0j}}
  \]
  where \( S_{1j} \) is the share of group 1 in category \( j \)

• With conditional means, the overall mean is \( \bar{Y}_0 = \sum_i S_{0j} \bar{Y}_{0j} \), so that
  \[
  \bar{Y}_{0j} = \sum_j S_{1j} \sum_i \frac{S_{0j}}{S_{0j}} \bar{Y}_{0j} = \sum_j S_{1j} \sum_i \bar{Y}_{0j}
  \]
If the proportion of women across professorial ranks was identical to men, the overall counterfactual average female salary would be:

\[
\frac{51.8}{100} \times 146048 + \frac{30.7}{100} \times 114595 + \frac{17.6}{100} \times 99709 = 128259.3,
\]

and the overall ratio would be \( \frac{128382}{134955} \times 100 = 95\% \)

- The salary gap explained by rank is \( 128259.3 - 120623.1 = 7636.2 \)
- More than 53\% of the gap is accounted for by the gender differences in the proportion of faculty members across rank.

### Table 1. Average Professorial Salaries at UBC in 2010

<table>
<thead>
<tr>
<th>Gender</th>
<th>Rank</th>
<th>Numbers % of All</th>
<th>% of women</th>
<th>Average Salary</th>
<th>Female/Male Ratio</th>
<th>Gender Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>All</td>
<td>968</td>
<td>100</td>
<td>134955</td>
<td>0.89</td>
<td>14332</td>
</tr>
<tr>
<td>Women</td>
<td>All</td>
<td>419</td>
<td>100</td>
<td>120623</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>Full</td>
<td>501</td>
<td>51.8</td>
<td>152494</td>
<td>0.96</td>
<td>6446</td>
</tr>
<tr>
<td>Women</td>
<td>Full</td>
<td>130</td>
<td>31</td>
<td>146048</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>Associate</td>
<td>297</td>
<td>30.7</td>
<td>121483</td>
<td>0.94</td>
<td>6888</td>
</tr>
<tr>
<td>Women</td>
<td>Associate</td>
<td>184</td>
<td>43.9</td>
<td>114595</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>Assistant</td>
<td>170</td>
<td>17.6</td>
<td>106806</td>
<td>0.93</td>
<td>7097</td>
</tr>
<tr>
<td>Women</td>
<td>Assistant</td>
<td>105</td>
<td>25.1</td>
<td>99709</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 2. Oaxaca-Blinder Decomposition of Average Professorial Salaries at UBC in 2010

<table>
<thead>
<tr>
<th>Variables:</th>
<th>Model 1</th>
<th>% of gap</th>
<th>Model 2</th>
<th>% of gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Gender Salary Differentials</td>
<td>14332.24 ***</td>
<td></td>
<td>14332.24 ***</td>
<td></td>
</tr>
<tr>
<td>Accounted for by differences in characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professorial Rank</td>
<td>7636.226 ***</td>
<td>53.28%</td>
<td>6647.376 ***</td>
<td>46.38%</td>
</tr>
<tr>
<td>CRC, DUP</td>
<td>546.2663 *</td>
<td></td>
<td>3.81%</td>
<td></td>
</tr>
<tr>
<td>Years in Rank</td>
<td>1180.126 **</td>
<td></td>
<td>8.23%</td>
<td></td>
</tr>
<tr>
<td>Departmental Dummies</td>
<td>3093.223 **</td>
<td></td>
<td>21.58%</td>
<td></td>
</tr>
<tr>
<td>Total Explained</td>
<td>7636.226 ***</td>
<td>53.28%</td>
<td>11466.99 ***</td>
<td>80.01%</td>
</tr>
<tr>
<td>Total Unexplained</td>
<td>6696.018 ***</td>
<td>46.72%</td>
<td>2865.253 ***</td>
<td>19.99%</td>
</tr>
</tbody>
</table>

Note: Using female coefficients. *** p<0.01, ** p<0.05, * p<0.1  See UBC (2011) for alternative specifications.

- The more complete specification accounts for 80% of the gap, 46% of which from vertical segregation and 22% from horizontal segregation.
- This leaves an unexplained gender gap of 2.2% of average professorial salary.
Counterfactual Annual Earnings Ratio Substituting Male Shares in the Selected Earnings Percentiles: If the shares of women in percentiles grouping* were the same as men’s, the gap would be about 20 points lower.

Source: LWF and ASHE data 25-64 years old, Annual earnings from all jobs

* percentiles grouping: bottom 90%, next 9%, next 0.9%, top 0.1%
Counterfactual Hourly Wage Ratio Substituting Male Shares in the Selected Wage Percentiles: If the shares of women in percentiles grouping* were the same as men’s, the gap would be 41-45% lower.

Source: LFSs data 25-64 years old, Hourly wages on the main job

*percentiles grouping: bottom 90%, next 9%, next 0.9%, top 0.1%
## O-B Decomposition in Canadian LFS 1997 and 2015

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>Model 1 1997</th>
<th>% of gap</th>
<th>2015</th>
<th>% of gap</th>
<th>Model 1 1997</th>
<th>% of gap</th>
<th>2015</th>
<th>% of gap</th>
<th>Model 2 1997</th>
<th>% of gap</th>
<th>2015</th>
<th>% of gap</th>
<th>Model 2 1997</th>
<th>% of gap</th>
<th>2015</th>
<th>% of gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raw Gender Wage Gap ($2010)</strong></td>
<td>4.66 ***</td>
<td>4.66 ***</td>
<td>3.93 ***</td>
<td>3.93 ***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accounted for by differences in characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selected Centiles</td>
<td>0.83 ***</td>
<td>0.83 ***</td>
<td>1.67 ***</td>
<td>1.67 ***</td>
<td>0.77 ***</td>
<td>0.77 ***</td>
<td>19.1%</td>
<td>19.1%</td>
<td>1.46 ***</td>
<td>1.46 ***</td>
<td>37.1%</td>
<td>37.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demographics (age, marital status, kids)</td>
<td>0.04 ***</td>
<td>0.04 ***</td>
<td>0.00 ***</td>
<td>0.00 ***</td>
<td>0.01 ***</td>
<td>0.01 ***</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.00 ***</td>
<td>0.00 ***</td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>-0.17 ***</td>
<td>-0.17 ***</td>
<td>-0.54 **</td>
<td>-0.54 **</td>
<td>-0.05 ***</td>
<td>-0.05 ***</td>
<td>-1.3%</td>
<td>-1.3%</td>
<td>-0.10 ***</td>
<td>-0.10 ***</td>
<td>-2.6%</td>
<td>-2.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time, Union, Tenure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.40 ***</td>
<td>0.40 ***</td>
<td>10.0%</td>
<td>10.0%</td>
<td>-0.01 ***</td>
<td>-0.01 ***</td>
<td>-0.2%</td>
<td>-0.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.22 ***</td>
<td>0.22 ***</td>
<td>5.6%</td>
<td>5.6%</td>
<td>0.32 ***</td>
<td>0.32 ***</td>
<td>8.2%</td>
<td>8.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.19 ***</td>
<td>0.19 ***</td>
<td>4.8%</td>
<td>4.8%</td>
<td>0.07 ***</td>
<td>0.07 ***</td>
<td>1.8%</td>
<td>1.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Province</td>
<td>0.01 **</td>
<td>0.01 **</td>
<td>0.03 ***</td>
<td>0.03 ***</td>
<td>0.01</td>
<td>0.01</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.03 ***</td>
<td>0.03 ***</td>
<td>0.7%</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Explained</strong></td>
<td>0.71 ***</td>
<td>0.71 ***</td>
<td>1.16 ***</td>
<td>1.16 ***</td>
<td>1.55 ***</td>
<td>1.55 ***</td>
<td>38.6%</td>
<td>38.6%</td>
<td>1.77 ***</td>
<td>1.77 ***</td>
<td>45.1%</td>
<td>45.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Unexplained</strong></td>
<td>3.95 ***</td>
<td>3.95 ***</td>
<td>2.77 ***</td>
<td>2.77 ***</td>
<td>3.11 ***</td>
<td>3.11 ***</td>
<td>77.1%</td>
<td>77.1%</td>
<td>2.16 ***</td>
<td>2.16 ***</td>
<td>54.9%</td>
<td>54.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Entries are male/female differences in the explanatory variables multiplied by the corresponding female coefficients. All variables, except tenure are categorical. There are 4 marital status and 7 education classes, 11 industry, 47 occupation.

# O-B Decomposition in UK-LFS 1997 and 2015

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>Model 1 1997</th>
<th>% of gap</th>
<th>Model 1 2015</th>
<th>% of gap</th>
<th>Model 2 1997</th>
<th>% of gap</th>
<th>Model 2 2015</th>
<th>% of gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Gender Wage Gap (£2010)</td>
<td>3.15 ***</td>
<td></td>
<td>2.57 ***</td>
<td></td>
<td>3.15 ***</td>
<td></td>
<td>2.57 ***</td>
<td></td>
</tr>
<tr>
<td>Accounted for by differences in characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selected Centiles</td>
<td>1.23 ***</td>
<td>39.2%</td>
<td>1.35 ***</td>
<td>52.3%</td>
<td>1.12 ***</td>
<td>35.7%</td>
<td>1.23 ***</td>
<td>47.7%</td>
</tr>
<tr>
<td>Demographics (age, marital status, kids)</td>
<td>-0.02 ***</td>
<td>-0.7%</td>
<td>0.01</td>
<td>0.3%</td>
<td>0.00</td>
<td>0.0%</td>
<td>0.00 ***</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Education</td>
<td>0.33 ***</td>
<td>10.5%</td>
<td>-0.13 ***</td>
<td>-5.1%</td>
<td>0.18 ***</td>
<td>5.8%</td>
<td>-0.05 ***</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Part-time, Tenure</td>
<td></td>
<td></td>
<td>0.48 ***</td>
<td>15.3%</td>
<td>0.21 ***</td>
<td>8.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td></td>
<td>0.21 ***</td>
<td>6.8%</td>
<td>0.27 ***</td>
<td>10.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
<td>0.13 ***</td>
<td>4.2%</td>
<td>0.29 ***</td>
<td>11.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Region</td>
<td>0.00 **</td>
<td>0.0%</td>
<td>0.01 **</td>
<td>0.4%</td>
<td>0.00</td>
<td>0.0%</td>
<td>0.01 ***</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total Explained</strong></td>
<td>1.54 ***</td>
<td>49.0%</td>
<td>1.23 ***</td>
<td>48.0%</td>
<td>2.13 ***</td>
<td>67.7%</td>
<td>1.97 ***</td>
<td>76.5%</td>
</tr>
<tr>
<td><strong>Total Unexplained</strong></td>
<td>1.61 ***</td>
<td>51.0%</td>
<td>1.34 ***</td>
<td>52.0%</td>
<td>1.02 ***</td>
<td>32.3%</td>
<td>0.60 ***</td>
<td>23.5%</td>
</tr>
</tbody>
</table>

Note: Entries are male/female differences in the explanatory variables multiplied by the corresponding female coefficients. All variables, except tenure are categorical. There are 4 marital status and 6 education classes, 11 industry, 33 occupation categories. Selected centiles grouping: bottom 90%, next 9%, next 0.9%, top 0.1%. No. of obs: 55,199 in 1997; 31136 in 2015. ***

Source: UK LFS 1997 and 2015, 25-64 years old, Hourly wages on the main job.
Impact of Under-Representation in Top Jobs

• Over time, the under-representation of women in top jobs accounts for a growing share of the gender gap after accounting for the usual list of factors (education, occupation, industry, etc.)
  ➢ from 19% in 1997 to 37% in 2015 in Canada,
  ➢ From 36% in 1997 to 48% in 2015 in the UK

• It substantially reduces the unexplained portion of the gender gap which had been growing over time in a puzzling way.
Industry Composition by Gender (LFS)

A. Canada: 1997-2002

- Health Care/Soc. Ass.
- F.I.R.E.
- Education
- Retail Trade
- Other Services
- Prof/Scien/Manag Serv.
- Public Admin
- Agri/Fish/Forest
- Manufacturing
- Transp/WholeS/WhareH.
- Ext. Resources/Const.

Source: Fortin, Canadian and UK LFS 1997-2015, 25-64 years old

B. United Kingdom: 1997-2002

- Health Care/Soc. Ass.
- Education
- Retail Trade
- F.I.R.E.
- Other Services
- Public Admin
- Prof/Scien/Manag Serv.
- Agri/Fish/Forest
- Transp/WholeS/WhareH.
- Manufacturing
- Ext. Resources/Const.

Source: Fortin, Canadian and UK LFS 1997-2015, 25-64 years old
Industry Composition by Gender (LFS)

C. Canada: 2011-2015

- Health Care/Soc. Ass.
- Education
- F.I.R.E.
- Retail Trade
- Other Services
- Public Admin
- Prof/Scien/Manag Serv.
- Agri/Fish/Forest
- Transp/WholeS/WhareH.
- Manufacturing
- Ext. Resources/Const.

D. United Kingdom: 2011-2015

- Health Care/Soc. Ass.
- Education
- Retail Trade
- Public Admin
- F.I.R.E.
- Other Services
- Prof/Scien/Manag Serv.
- Transp/WholeS/WhareH.
- Agri/Fish/Forest
- Manufacturing
- Ext. Resources/Const.

Source: Canadian and UK-LFS 1997-2015, 25-64 years old
## Industry Composition by Gender and Selected Centiles

<table>
<thead>
<tr>
<th>Year</th>
<th><strong>Canada</strong></th>
<th><strong>UK</strong></th>
<th><strong>Canada</strong></th>
<th><strong>UK</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td></td>
<td>Next 0.9%</td>
<td>Top 0.1%</td>
<td>Next 0.9%</td>
<td>Top 0.1%</td>
</tr>
<tr>
<td>1997-2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri/Fish/Forest</td>
<td>0.7</td>
<td>0.1</td>
<td>1.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Ext. Resources/Const.</td>
<td>8.7</td>
<td>9.3</td>
<td>13.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td><strong>19.9</strong></td>
<td><strong>23.0</strong></td>
<td>22.5</td>
<td>13.2</td>
</tr>
<tr>
<td>Transp/WholeS/WhareH.</td>
<td>8.0</td>
<td>8.7</td>
<td>13.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>3.3</td>
<td>3.8</td>
<td>5.6</td>
<td>0.6</td>
</tr>
<tr>
<td>F.I.R.E.</td>
<td>11.5</td>
<td>12.1</td>
<td><strong>7.0</strong></td>
<td><strong>34.1</strong></td>
</tr>
<tr>
<td>Prof/Scien/Manag Serv.</td>
<td><strong>15.7</strong></td>
<td><strong>17.3</strong></td>
<td><strong>11.6</strong></td>
<td><strong>29.9</strong></td>
</tr>
<tr>
<td>Education</td>
<td>11.1</td>
<td>8.8</td>
<td>4.4</td>
<td>2.9</td>
</tr>
<tr>
<td>Health Care/Soc. Ass.</td>
<td>3.1</td>
<td>3.2</td>
<td>4.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Other Services</td>
<td>8.8</td>
<td>7.7</td>
<td>9.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Public Admin</td>
<td>9.2</td>
<td>6.0</td>
<td>6.7</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Canadian and UK-LFS 1997-2015, 25-64 years old
# Industry Composition by Gender and Selected Centiles

<table>
<thead>
<tr>
<th>Industry</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Canada</td>
<td>UK</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Top</td>
</tr>
<tr>
<td>Agri/Fish/Forest</td>
<td>1.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Ext. Resources/Const.</td>
<td>14.5</td>
<td>14.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>20.3</td>
<td>13.7</td>
</tr>
<tr>
<td>Transp/WholeS/WhareH.</td>
<td>13.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>9.3</td>
<td>3.8</td>
</tr>
<tr>
<td>F.I.R.E.</td>
<td>4.4</td>
<td>8.5</td>
</tr>
<tr>
<td>Prof/Scien/Manag Serv.</td>
<td>9.1</td>
<td>14.1</td>
</tr>
<tr>
<td>Education</td>
<td>5.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Health Care/Soc. Ass.</td>
<td>4.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Other Services</td>
<td>11.7</td>
<td>7.2</td>
</tr>
<tr>
<td>Public Admin</td>
<td>6.3</td>
<td>14.0</td>
</tr>
</tbody>
</table>

Source: Canadian and UK-LFS 1997-2015, 25-64 years old
Counterfactual Hourly Wage Ratios: What if women worked in the same industrial sectors as men (within centile groupings)?

**Canada**

- All
- Next 0.9%
- Top 0.1%
- Rw_B90
- Rw_N9
- Rw_T0.1

**United Kingdom**

- All
- Next 0.9%
- Top 0.1%
- Rw_B90
- Rw_N9
- Rw_N0.9
- Rw_T0.1

Source: Canadian and UK LFS 1993/7-2015, 25-64 years old, Hourly wages on the main job
Counterfactual Hourly Wage Ratios: What if women worked in the same industrial sectors as men (within centile groupings)?

**Canada**

**United Kingdom**

Source: Canadian and UK LFS 1993/7-2015, 25-64 years old, Hourly wages on the main job
Similar Impact of Industrial Composition on the Annual Earnings Ratio in Canada

Source: LWF 1991-2010, 25-64 years old, Annual earnings from all jobs
Impact of Industrial Composition

- Although issues of common support limit the analysis for the top 1%, overall women’s own choice of industrial sectors seem appropriate.
- Among the next 9%, women would almost reach parity if they work in the same industrial sectors as men, but in the bottom 90% would do worse.
- Largely due to the healthcare sector, which is a well-paying sector in the bottom 90%, but less so in the next 9% (among the salaried workers we observe).
- It could be arguably different if we included self-employment income.
Bottom-Line

• Increasing inequality in top incomes contributes to slower progress in the gender pay ratio
  • it contributes to a growing share of the gap falling into the unexplained category, that is unexplained by the usual factors

• In Fortin and Huberman (2002), I had argued that over the 20th century the decline in vertical segregation had contributed more to the improvement of women’s labour market outcomes than changes in horizontal segregation.

• Further improvements in vertical segregation, “relatively more women in top jobs” is likely be even more important for further decline in the gender pay gap in the 21st century

• But further educational attainment alone will not yield those changes!
Will Existing Policies Help?
Public Policy and Gender Pay Differentials in Canada

• Gender pay differentials “within” occupation
  ➢ “Equal Pay for Equal Work”

• Gender pay differentials across “comparable” occupations, resulting from horizontal segregation, are the focus of
  ➢ “Pay Equity” policies, implemented in the private sector of Canada’s two most populous provinces: Ontario (1996) and Quebec (2001)

• Gender pay differentials arising from the potential obstacles that women face climbing (or not) the job ladder (vertical segregation)
  ➢ “Employment Equity”, enacted in the Federal jurisdiction in principle could address disparities across the job ladder.
Higher Representation of Women in Tops Jobs! What to Do?

• In recent years, many countries have pushed for more general gender equality in decision-making with bolder moves.
  ➢ Both in the political sphere and on corporate boards.

• Many European countries implemented female quotas on the board of directors of firms on public stock exchanges.

• Some emerging countries are doing the same. Will the UK follow the Europeans ...?

• Short of calling for gender quotas, the Canadian Securities Administrators of seven provinces and territories (CSA, 2015) implemented “comply-or-explain” female representation rules on January 1, 2015 (Shecter, 2014; McFarland, 2015).
Quotas for Corporate Boards?

Since Norway instituted a gender quota for its corporate boards in 2003, more than a dozen countries have followed suit, and others are considering similar measures.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year law passed or put into effect</th>
<th>Quota deadline</th>
<th>Quota (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>2001</td>
<td>No deadline</td>
<td>33%</td>
</tr>
<tr>
<td>Norway</td>
<td>2007</td>
<td>No deadline</td>
<td>40%</td>
</tr>
<tr>
<td>Israel</td>
<td>2011</td>
<td>No deadline</td>
<td>50%</td>
</tr>
<tr>
<td>Spain</td>
<td>2012</td>
<td>No deadline</td>
<td>40%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2013</td>
<td>No deadline</td>
<td>30%</td>
</tr>
<tr>
<td>Finland</td>
<td>2015</td>
<td>No deadline</td>
<td>At least one woman (35% by 2018)</td>
</tr>
<tr>
<td>Austria</td>
<td>2016</td>
<td>No deadline</td>
<td>25% (35% by 2018)</td>
</tr>
<tr>
<td>Belgium</td>
<td>2017</td>
<td>No deadline</td>
<td>33%</td>
</tr>
<tr>
<td>France</td>
<td>2018</td>
<td>No deadline</td>
<td>20% (40% by 2017)</td>
</tr>
<tr>
<td>Italy</td>
<td>2019</td>
<td>No deadline</td>
<td>33%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2020</td>
<td>No deadline</td>
<td>30%</td>
</tr>
<tr>
<td>India</td>
<td>2021</td>
<td>No deadline</td>
<td>At least one woman</td>
</tr>
<tr>
<td>UAE</td>
<td>2022</td>
<td>No deadline</td>
<td>40%</td>
</tr>
<tr>
<td>Denmark</td>
<td>2023</td>
<td>No deadline</td>
<td>40%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2024</td>
<td>Law passage pending</td>
<td>40%</td>
</tr>
<tr>
<td>Canada</td>
<td>2025</td>
<td>Law passage pending</td>
<td>40%</td>
</tr>
<tr>
<td>Germany</td>
<td>2026</td>
<td>Law passage pending</td>
<td>30%</td>
</tr>
<tr>
<td>South Africa</td>
<td>2027</td>
<td>No deadline</td>
<td>50%</td>
</tr>
</tbody>
</table>

*Note: Applies to all or a subset of listed, nonlisted, and government-owned companies.

Sources: Deloitte’s Women in the Boardroom 2013 survey; Bertrand et al., 2014 (Norway); National (UAE); Spiegel Online (Germany)

Source: Dizik, 2015
Women on Boards and Employment Share


Sources: GMI, European PWN, Deloitte (2015), World Bank Indicators
Women on Boards and Employment Share

Sources: GMI, European PWN, Deloitte (2015), World Bank Indicators
Higher Representation of Women in Tops Jobs! Does it Help?

- Female CEOs/Directors have mixed results on firm performance (returns on asset, on equity, profits, etc.) in firm-fixed effects models
  - Positive or no effect in Denmark [Smith et al. (2006), Parotta and Smith (2013)] and in Italy [Amore et al. (2013)]
  - Negative or no effect in the US [Wolfers (2006), Adams and Ferreira (2009)]
- The impact of the Norwegian quotas on female representation on corporate boards on firm performance have found mixed results.
  - Lower TobinQ [Ahern and Dittmar (2012)]
  - Fewer layoffs [Matsa and Miller (2013)]
Higher Representation of Women in Top Jobs! Does it Help?

- **Mixed results on relative female wages**
  - Flabbi et al. (2013) studying Italian firms also find mixed results linked to substantial sorting of female managers across establishments.
    - small and less productive establishments that invest less, pay their employees lower wages, but are more female-friendly are more likely to be led by women.
  - Kunze and Miller (2014) find that in Norway greater female representation at higher ranks narrows the gender gap in promotion rates at lower ranks.
  - Bertrand, Black, Jensen, and Lleras-Muney (2014) show that the Norwegian quotas increased representation of women among top 5 highest earners, but had no effect at other points in the distribution or on the gender pay gap.
Women in Senior Management and Employment Share


Sources: ILO, World Bank Indicators
Women Fail to Move from Bottom 90% to Next 9% in Early Career (age 30) in Canadian LWF

Source: Fortin, Drolet and Bonikowska (2016) Computation, LWF 1983-2010, 25-64 years old, Annual earnings from all jobs
Many recent studies of the impact of children on mothers’ earnings have found large and persistent negative effects on labour market outcomes

- USA: Wilde, Batchelder, and Ellwood (2010)
- Spain: Fernández-Kranz, Lacuesta, and Rodríguez-Planas (2013)
- Italy: Del Bono and Vuri (2011)
- Sweden: Karimi, Hotz, and Johansson (2016)
- Denmark: Kleven, Landais, and Søgaard (2016)

Following childbirth, mothers often move to part-time work or a more flexible schedule, to family-friendly, less profitable, and lower paying firms, and are less likely to be promoted
Better Public Policies to Lower Gender Pay Differentials?

• Likely the better policies are those that “level the playing field”, but without lowering women’s attachment to the labour market
  o Maternity-leave benefits, parental leave provisions
  ➢ But gender neutrality is an issue! (Antecol, Bedard, and Stearns, 2016)
  o Affordable high-quality child care

• Firm practices are likely also important:
  o On-site child care and
  o Paying attention to gender biases at work
    (Look on YouTube for “McKinsey – Addressing Unconscious Bias”.)
Hypotheses from Labour/Behavioral Economics

—Women shy away from competition (Gneezy, Niederle and Rustichini, 2003; Niederle and Vesterlund, 2007)

—Women cannot say “no” to non-promotable tasks (Vesterlund, 2015)

—Negotiating divide (Babcock and Laschever, 2003, 2009)

—The importance of money vs. people (Fortin, 2008), vs. work flexibility (Blau and Kahn, 2016; Goldin, 2014)

—Differential treatment by customers (i.e. discrimination) (80 cents eBay, Kricheli-Katz and Regev, 2016)
Why so Few Women in Top Jobs?
Paths for Future Research

Hypotheses from Identity Theory/Social Psychology

— Glass cliff phenomenon (Ryan and Haslam, 2007),
— Failure of romance of leadership to take hold (Kulich, Ryan, and Haslam, 2007)
— Recognition deficit emanating from role incongruity (Eagly and Karau, 2002)
— Weak work networks within the firm or the industry (Lalanne and Seabright, 2011)
— Preferences for deontological over utilitarian judgments, weaker team spirit
  (Kennedy and Kray, 2013; Friesdorf, Conway, and Gawronski, 2015)
Why so Few Women in Top Jobs? Recognition Deficit

Exhibit 4
At all levels, the views on leadership ability diverge by gender.

% of respondents, by tenure

<table>
<thead>
<tr>
<th>Women can lead just as effectively as men</th>
<th>C-level</th>
<th>Senior managers</th>
<th>Midlevel managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female respondents</td>
<td>77</td>
<td>84</td>
<td>76</td>
</tr>
<tr>
<td>Male respondents</td>
<td>50</td>
<td>43</td>
<td>41</td>
</tr>
</tbody>
</table>

1Respondents who answered “strongly disagree,” “disagree,” or “don’t know/not applicable” are not shown.


*C-level: Chief Executive Officer, Chief Financial Officer, etc.
Why so Few Women in Top Jobs? Preferences ....


*C-suite: Chief Executive Officer, Chief Financial Officer, etc.
Stay Tuned!

Thank you!
References

References


References

• Dizik, Alina, “Do quotas for corporate boards help women advance?” Capital Ideas Magazine, Spring 2015,


References


References


References


References


