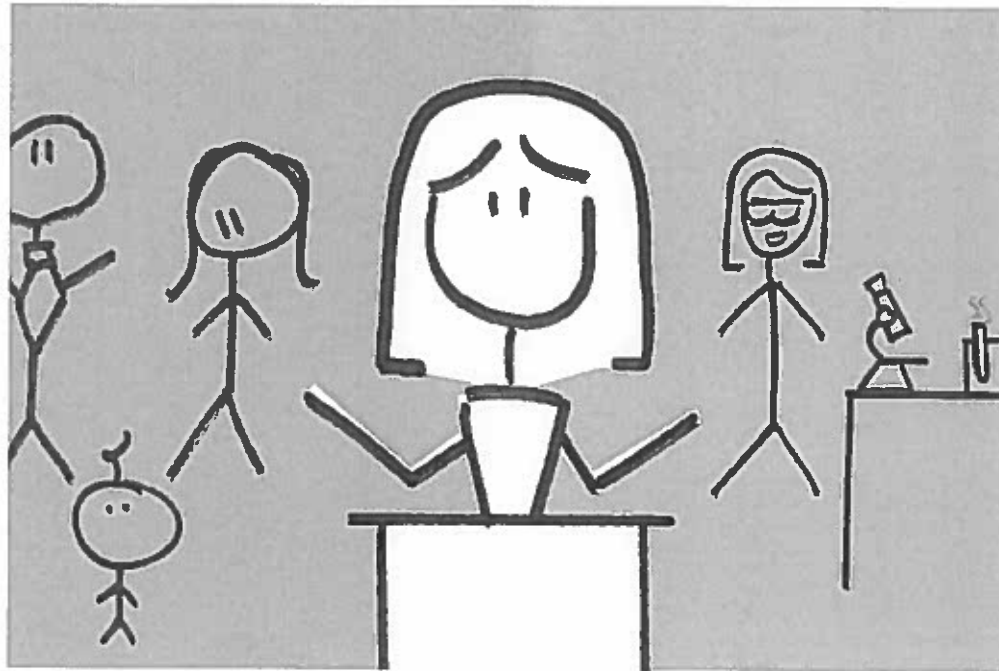


Vox

The truth about the gender wage gap

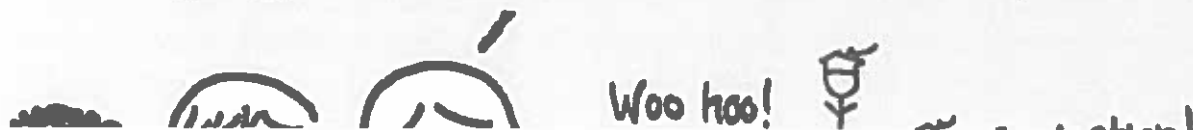
By Sarah Kliff | sarah@vox.com | Sep 8, 2017, 8:38am EDT

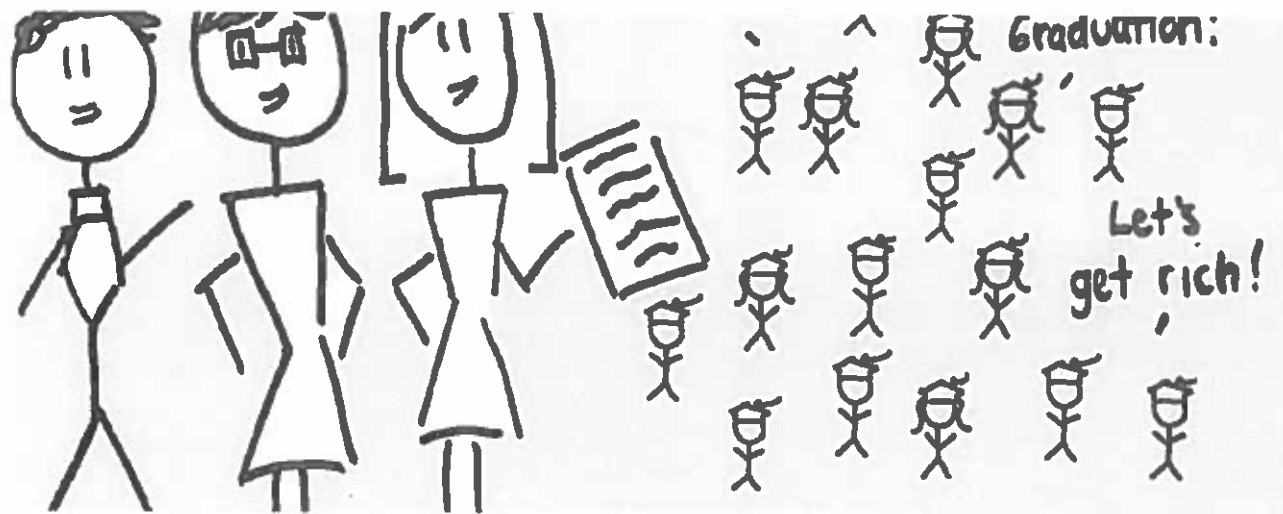


Nearly 10,000 people graduated with MBAs from University of Chicago's Booth School of Business between 1990 and 2006.

In 2009, three economists decided to study a quarter of those graduates. They asked a detailed set of questions about the jobs they'd held since graduation, how many hours they worked, where they worked, and what they had earned each year.

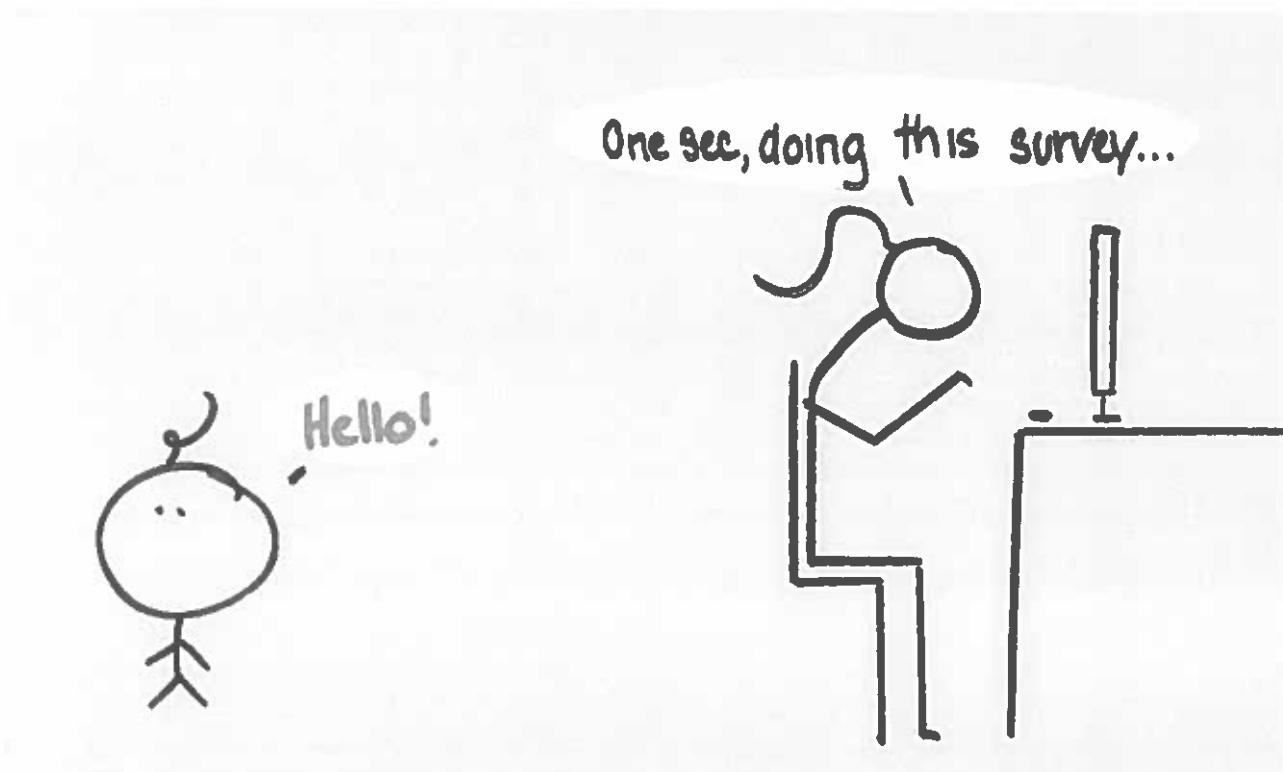
We're going to keep track of how much you earn!





The researchers wanted to know how gender would affect the career trajectories of all these newly minted business school graduates.

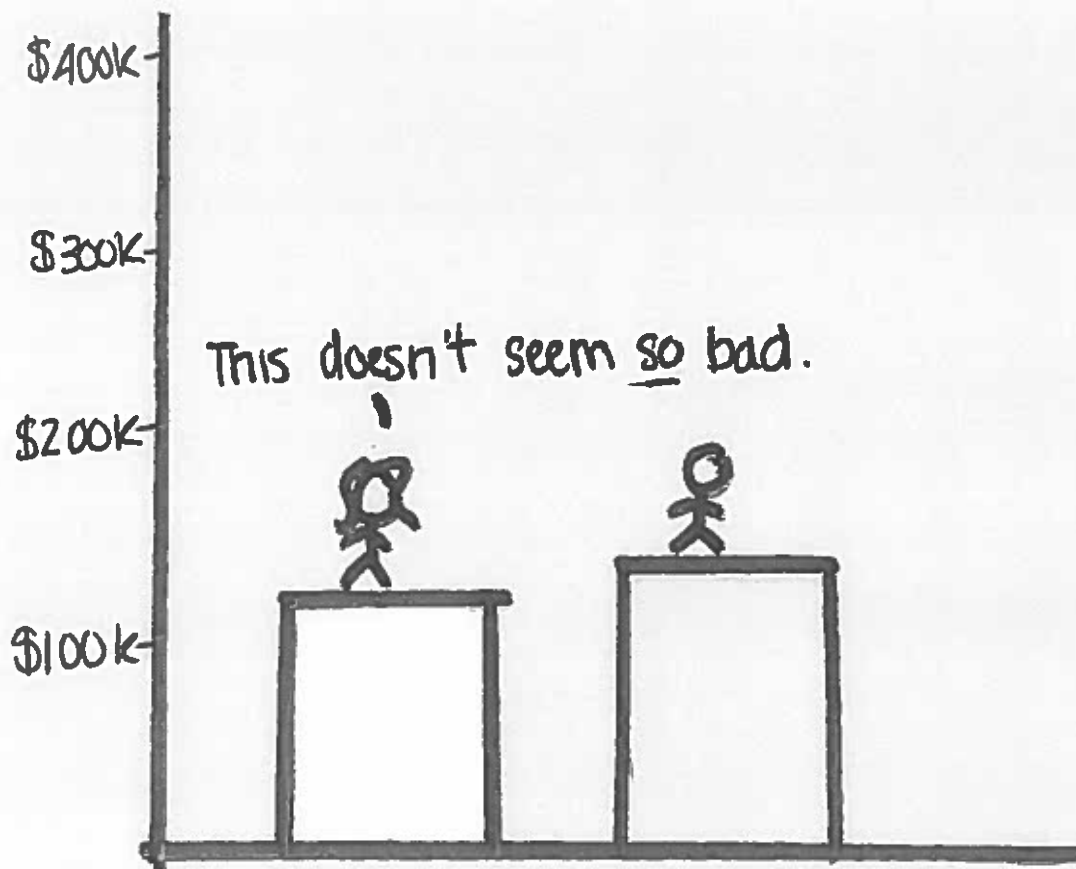
"We decided to focus on MBAs, because if you think about women's access to the top echelons, the corporate sector is one where they have had a particularly difficult time," says Marianne Bertrand, an economist at the University of Chicago who led the study.



The survey of thousands of business school graduates showed that men had slightly higher salaries right out of the gate.

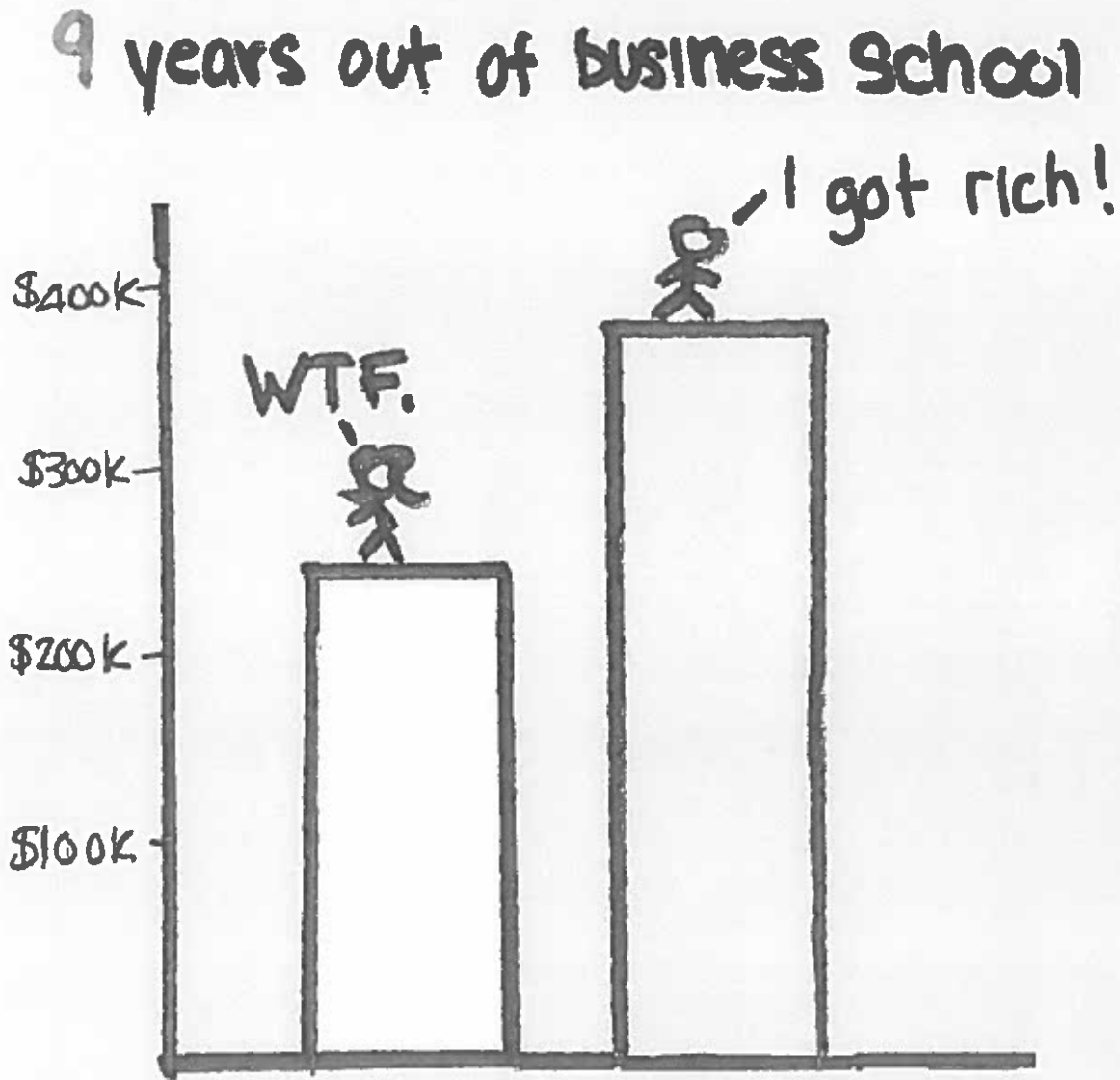
Women earned an average salary of \$115,000 right out of graduate school, while men earned \$130,000. Men also averaged a few more weekly hours and a bit more prior experience as they entered the workforce.

1 year out of business school

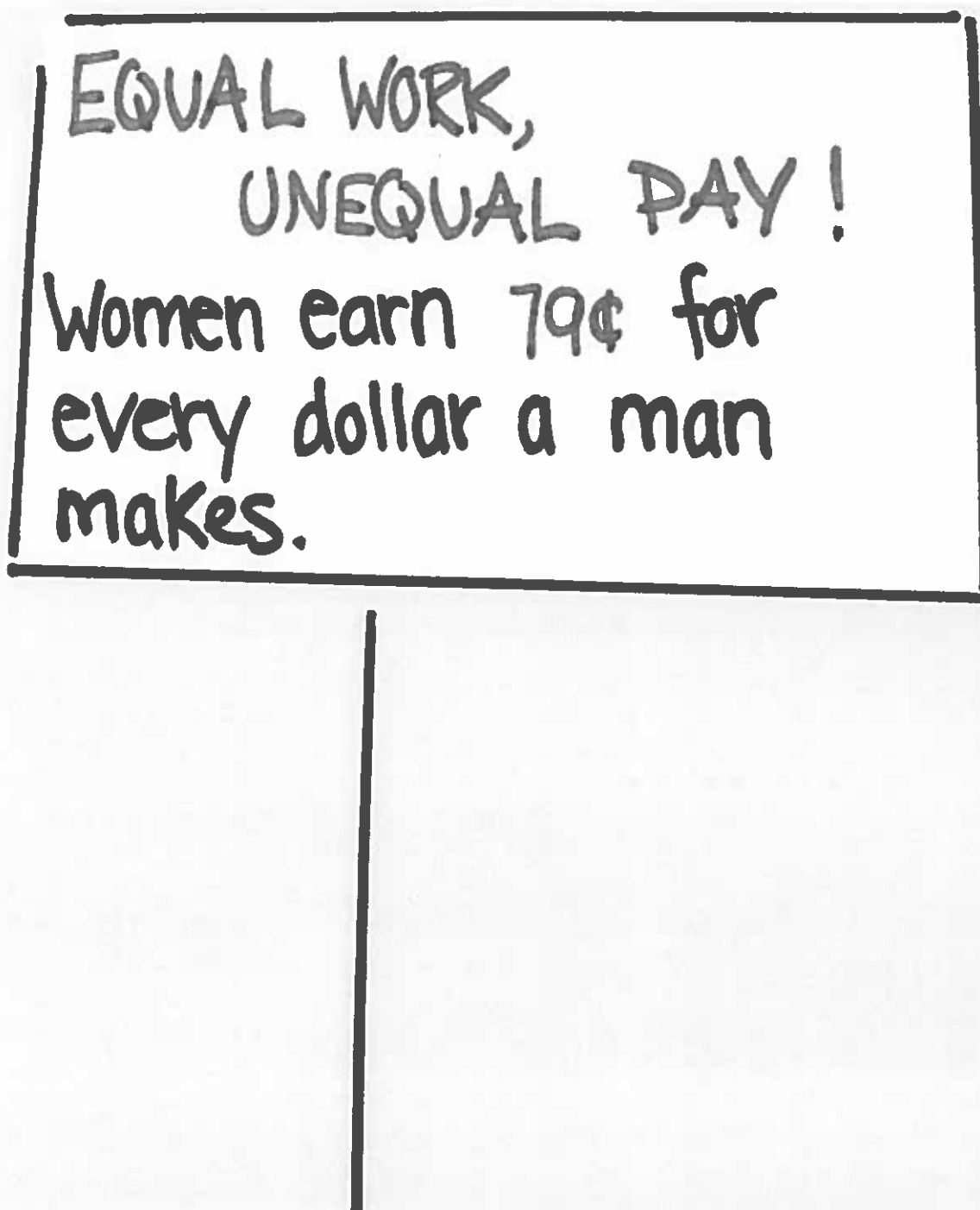


But the most astounding thing happened nine years later: The distance between men and women's salaries more than doubled

Nine years into their careers, women saw their salaries rise to an average of \$250,000 — while men's salaries averaged out at \$400,000. Men were earning 60 percent more than women.

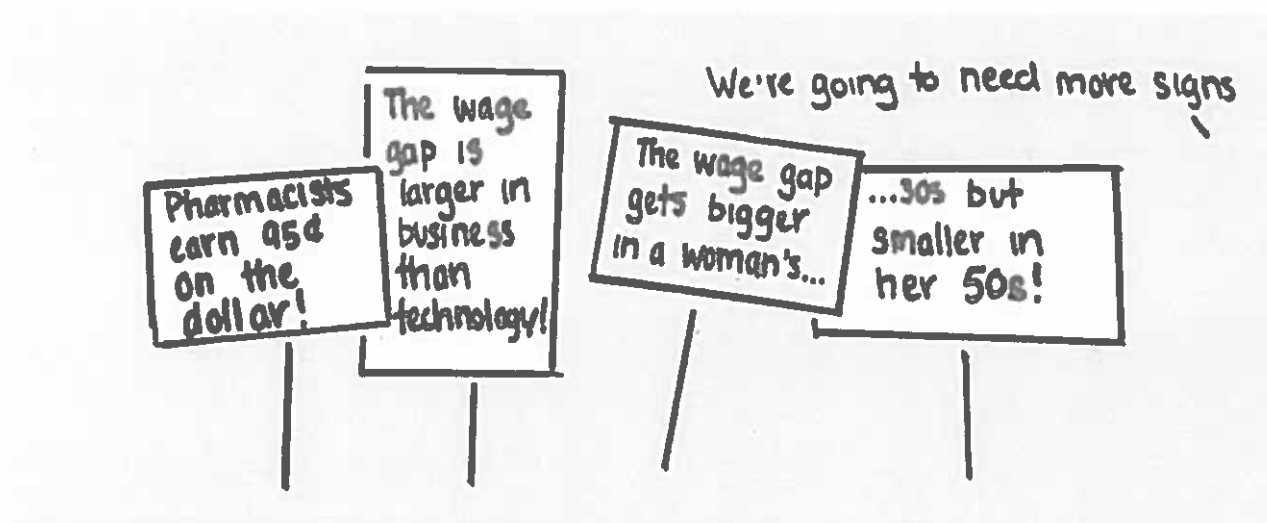


When we talk about the gender wage gap, we often talk about it as one thing



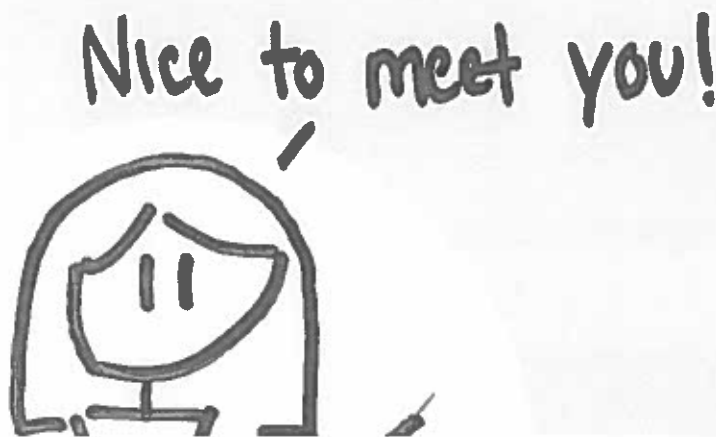
That's an accurate statistic, but it doesn't capture the complexity of the wage gap. It doesn't, for example, reveal that the wage gap changes over the course of a female lawyer's career. Or that some professions have really big wage gaps and others have small ones.

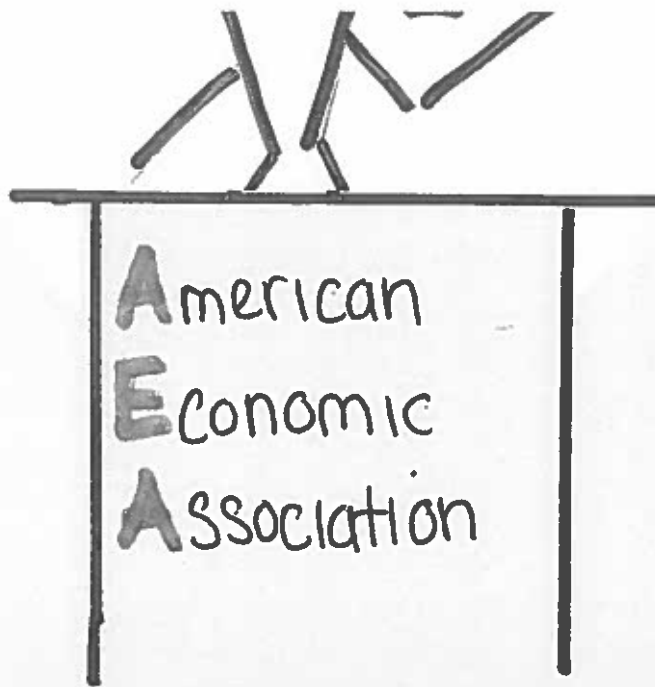
Understanding the nuances of the wage gap is important to understanding why women in the United States still earn less than men. It helps explain how to fix the problem, too. But it requires going much, much deeper than one statistic.



Want to know why the wage gap exists? Look at where it exists.

One of the economists who ran the study of MBAs was Claudia Goldin, an economist at Harvard University. She's a former president of the American Economic Association and a leading researcher on the gender wage gap. And this speech she gave in Philadelphia in 2014 explains the wage gap very clearly. I want to use this story (and a few cartoons) to tell you about it.





Goldin shows a few things that, at first glance, may seem contradictory. Wage discrimination does exist in the United States. Full stop. But it isn't as obvious as companies putting up signs saying "we don't hire women," or even deciding to pay women less. And it doesn't mean that employers systematically value the work women do less than men.

As Goldin put it recently to Freakonomics, "It's hard to find smoking guns."

That's not how it works...



Instead, the workforce disadvantages women in subtler ways — ways that ultimately show up in their paycheck but don't always begin there. The highest-paying jobs disproportionately reward those who can work the longest, least flexible hours.

These types of job penalize workers who have caregiving responsibilities outside the workplace. Those workers tend to be women.

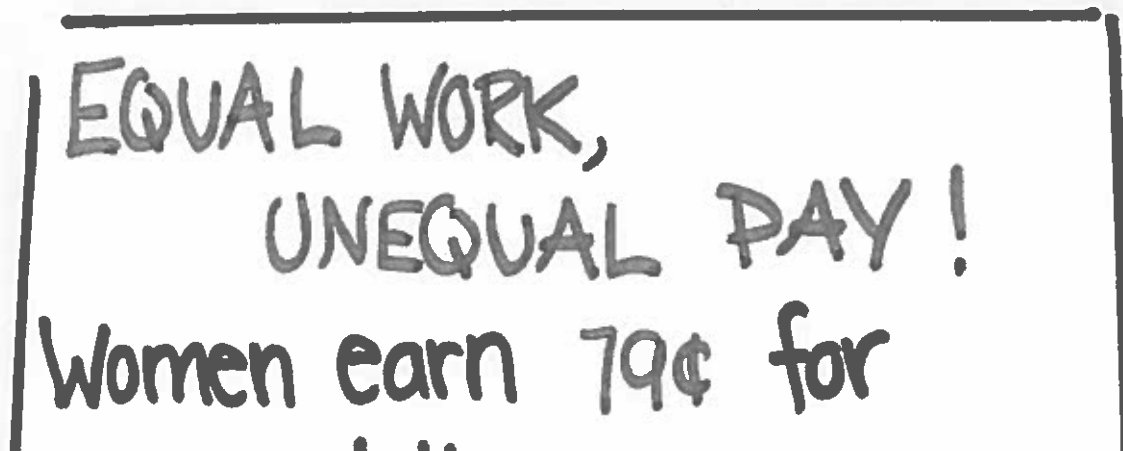
As Goldin put it in her speech, "The gender gap in pay would be considerably reduced and might even vanish if firms did not have an incentive to disproportionately reward individuals who worked long hours and worked particular hours."

Goldin explains *why* the wage gap exists by looking at *where* it exists. What does it tell us when we learn that pharmacists, for example, have a really small wage gap but lawyers have a large one? How can we learn from the fact that women in their 30s have a way bigger wage gap than their co-workers a decade younger?

Let's find out.

Lawyers have big wage gaps. Scientists don't. Here's why.

We'll start where most discussions of the wage gap start. Back to that sign.



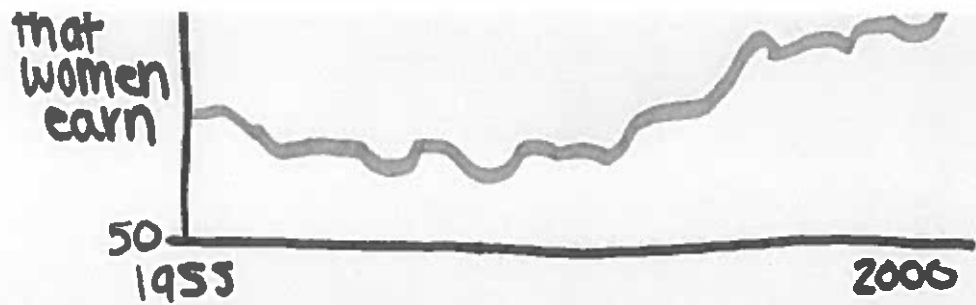
**EQUAL WORK,
UNEQUAL PAY!
Women earn 79¢ for**

every dollar a man makes.

That figure compares the median wages of men who work 35 or more hours per week (the government definition of full time) with those of women.

The wage gap is a lot smaller than it was 50 years ago — and a bit smaller than 10 years ago. Through the mid-1970s, women earned about 60 cents on the dollar compared with men. Then the gap began to close.

100
% of
men's
salary



This chart is okay, but it's also really general. It tells a story about tens of millions of workers in the United States. What it doesn't tell you is how the wage gap plays out for women with different educational levels or of different ages, or who make different occupational choices.

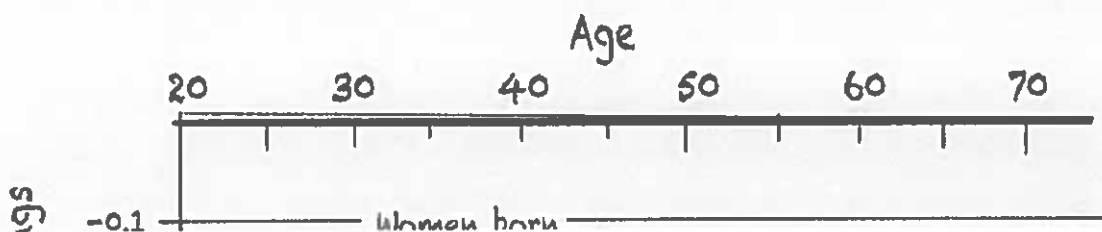
There are two other charts Goldin talks about that are significantly more useful. The first one shows how much women earn relative to men over the course of their life span.

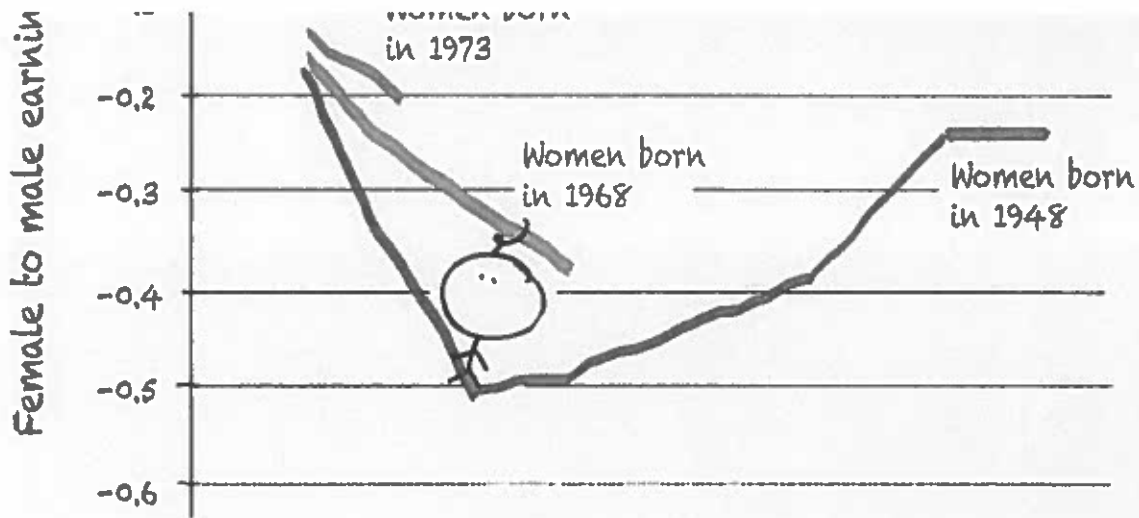
The wage gap starts small but immediately starts to get bigger and bigger through a woman's 20s and 30s. "The difference in earnings by sex greatly increases during the first several decades of working life," Goldin says.

And then something surprising happens: The wage gap starts to *shrink* as a woman enters her 40s and 50s.

What happens to MBAs happens to lots and lots of women in the American workforce.

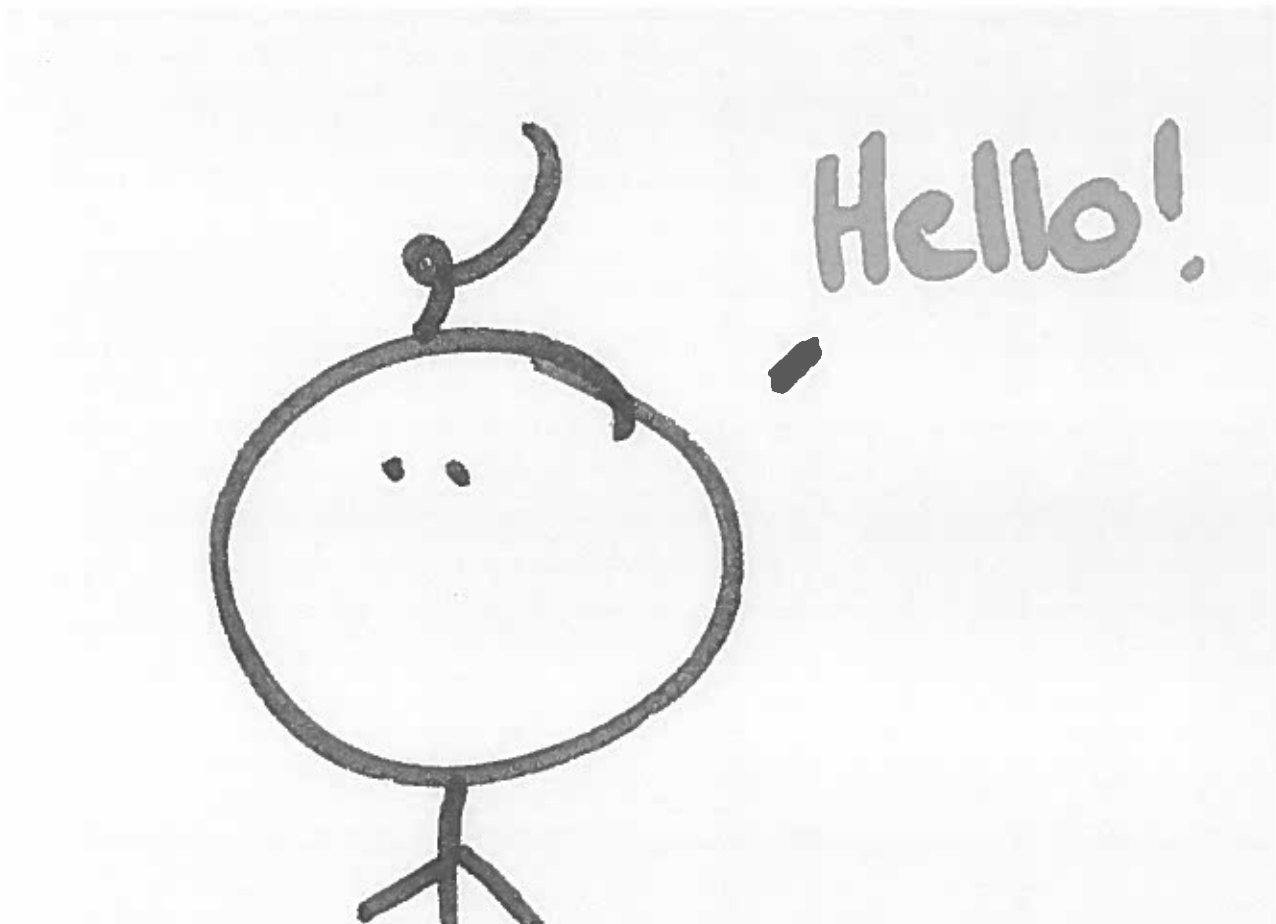
Relative earnings of college graduate men and women





Javier Zarracina

Clearly, there is something different happening in a woman's 20s and 30s than in her 40s and 50s as it relates to the wage gap. And there is one big change that tends to happen in that time frame.

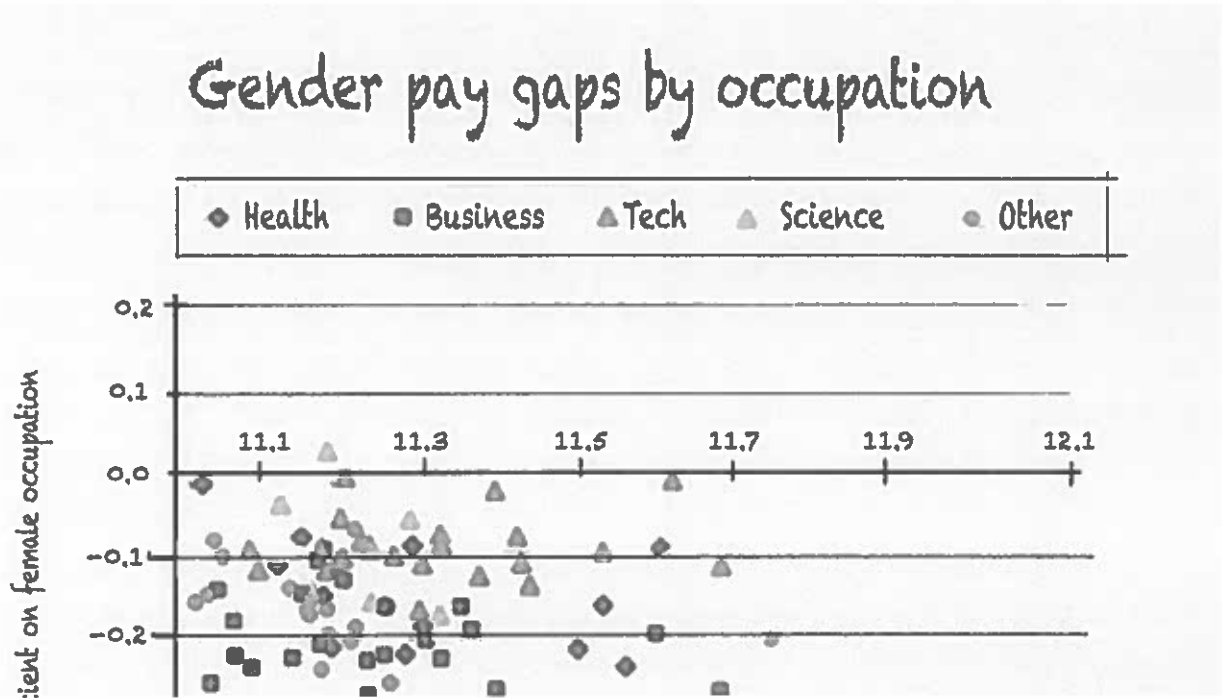


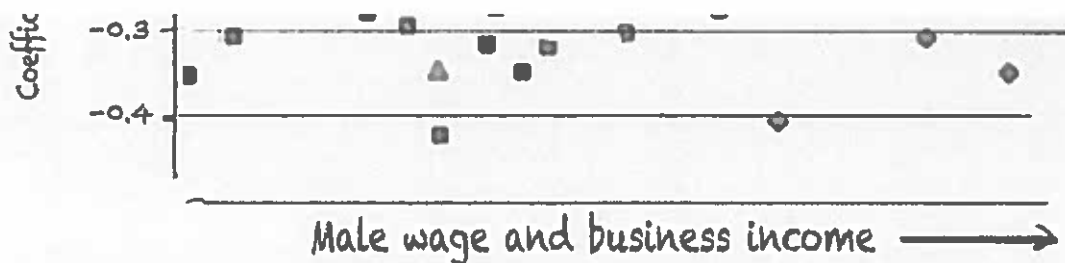


We'll come back to our newborn in a moment — but there's still a second graph we need to look at. It also helps explain why the wage gap exists by looking at where it's worse.

I'm going to warn you — this graph is a bit complex. But the things to know are this: There are different-colored dots for different types of occupations. Green is tech, red is business, yellow is science, and blue is health. The y-axis shows the size of the wage gap; dots further down have a bigger wage gap. The x-axis shows the mean income for men in these jobs; the further you go the right, the better-paid the job.

Here's what jumped out at me looking at this graph: The yellow and green dots cluster toward the top of the graph. This means the tech and science industries have relatively small wage gaps. But business — the red dots — has a big one.





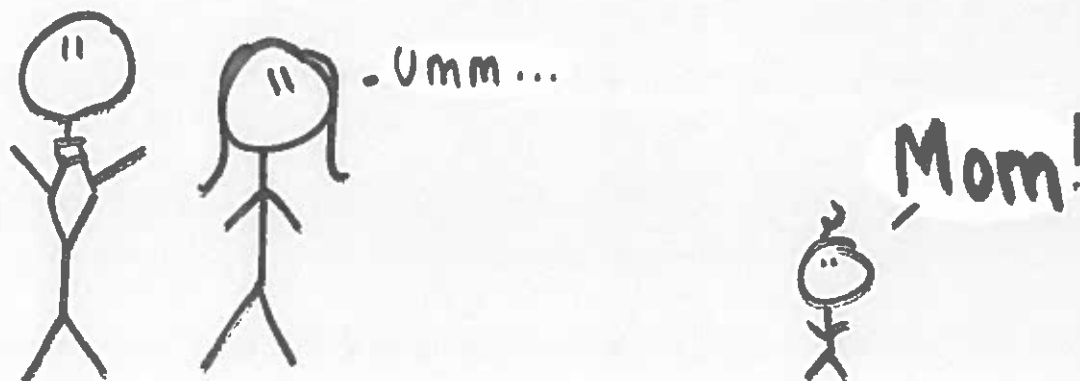
Javier Zarracina

There's something importantly different between a job in science and a job in business — and that matters more than you might think in explaining the wage gap

Think of your prototypical businesswoman. She has a standard 9-to-5 schedule so she can meet with other businesspeople or clients.

Maybe she's a venture capitalist. Maybe she's an accountant. Either way, her clients want to deal with her specifically. Her employers won't think she's doing a good job if she isn't there at the hours others need her.

See you at the 6pm meeting?



Now think of your prototypical scientist, lab coat and all. Most of her work is self-directed. She has experiments she needs to run — but it doesn't really

matter to her lab when, exactly, she does them. So long as she's getting the work done, her supervisors will think she's doing a good job.



This is, of course, a simplification. But it speaks to something important about the situations where women earn less.

Certain hours are more important than others in some jobs — and those jobs have especially high wage gaps

Goldin's research has found that workers in the industries with large wage gaps are more likely to say their jobs value those who "develop constructive and cooperative working relationships" and that their company generally determines their "tasks, priorities, and goals."

Workers in these industries often face steep penalties for any interruption to their career. One study estimates that among lawyers, a year out of the labor force causes an 8.4 percent salary reduction.

When does it become harder to work a very specific schedule?

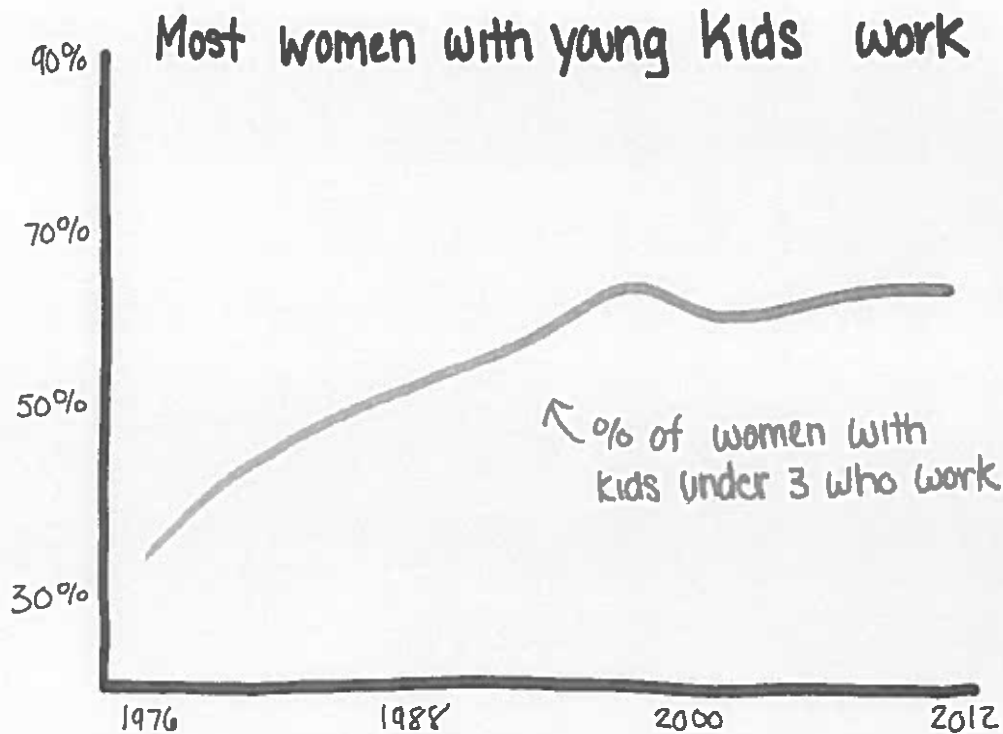


There are millions of jobs in America that demand very specific hours from very specific people. Most of the economy is organized around a set 9-to-5 schedule.

Those jobs generally worked great 50 years ago. Back then, nearly every American worker had a wife at home to manage anything that might interrupt a workday.

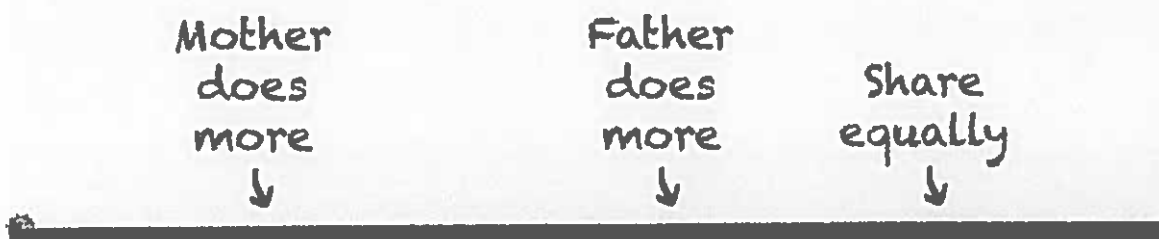
"She took care of all the big and small daily emergencies that might distract the American Worker from focusing 100 percent on his job while he was at work," economist Heather Boushey writes in her book on work-life balance, *Finding Time*. "Her time at home made possible the American Worker's time at work."

But these silent partners are becoming increasingly rare. Most mothers of young children work now.



With no silent partner at home, workers now have to find a place in their schedule for caregiving. It's tough to do, and women tend to be the ones who end up doing it.

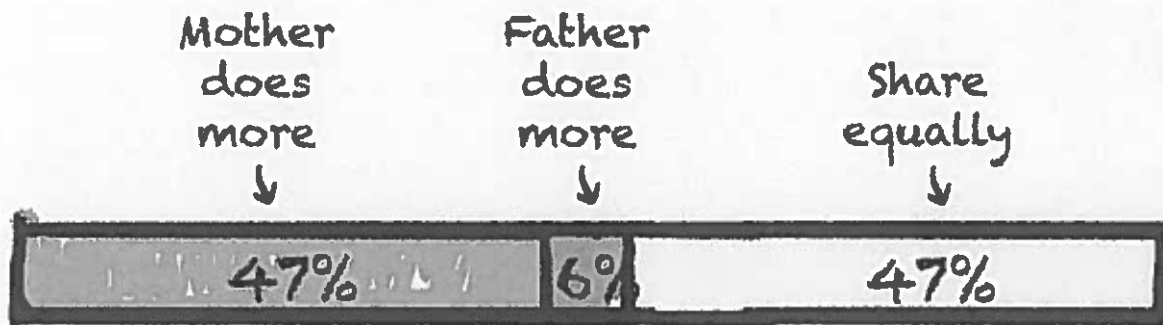
In 2015, the Pew Research Center surveyed 1,807 parents in households where they both work. They asked, Who does the work of managing your children's schedules and activities?





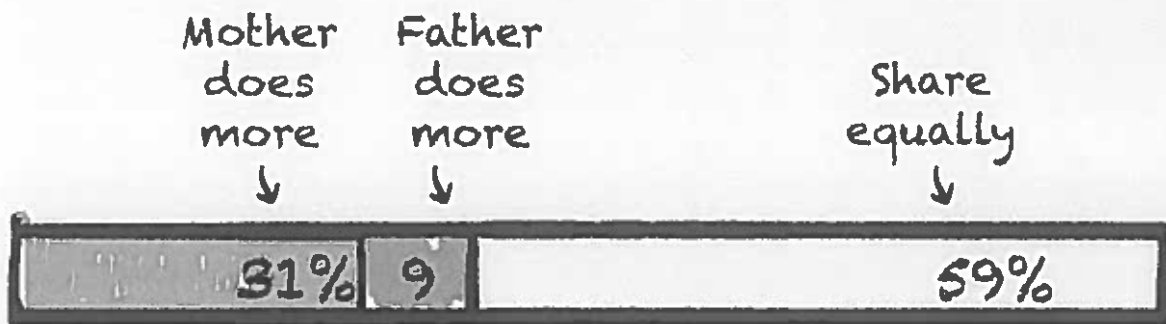
Javier Zarracina

They asked, Who takes care of the kids when they're sick?



Javier Zarracina

They asked, Who is responsible for the majority of chores and household responsibilities?



Javier Zarracina

Right now, the burden of child rearing disproportionately falls on women

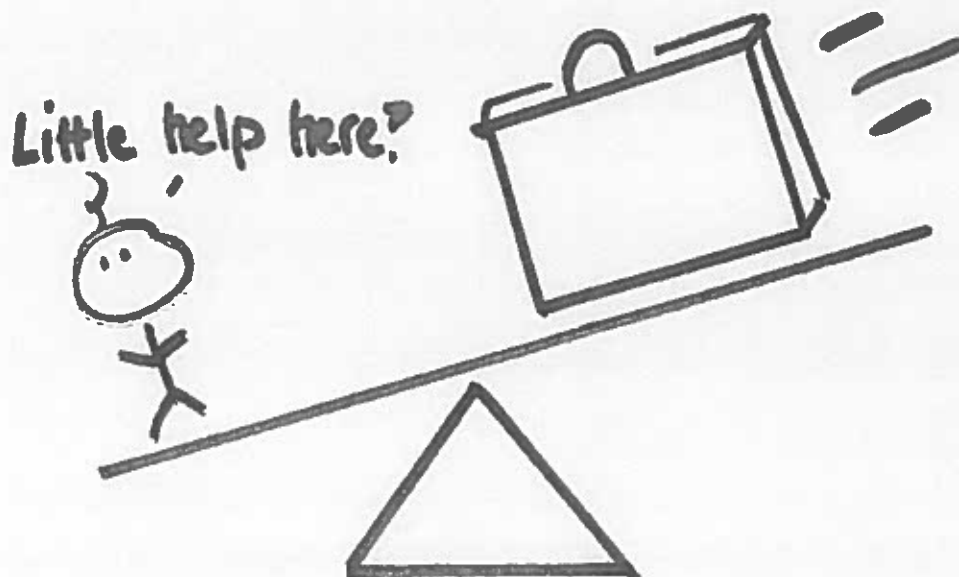
Some of this could be by choice — but there are also cultural forces outside of a woman's control at play.

Consider a study of lawyers' salaries from Mary Noonan at the University of Iowa. She found that men see their salaries decrease *more* than women when they switch to a part-time schedule for a year.

"It seems that men in the legal profession who take on non-traditional gender roles (i.e., taking responsibility for child care) pay a high price for that behavior," Noonan and her study co-authors write.

If the workplace penalizes men more than women for taking breaks from work, then it could be the wiser financial decision for a mother to take on more caregiving activities — the decision that society overwhelmingly expects.

And even before having children, just the act of becoming pregnant will mean more doctor appointments and actually delivering a baby — all things harder to do in jobs with rigid schedules.

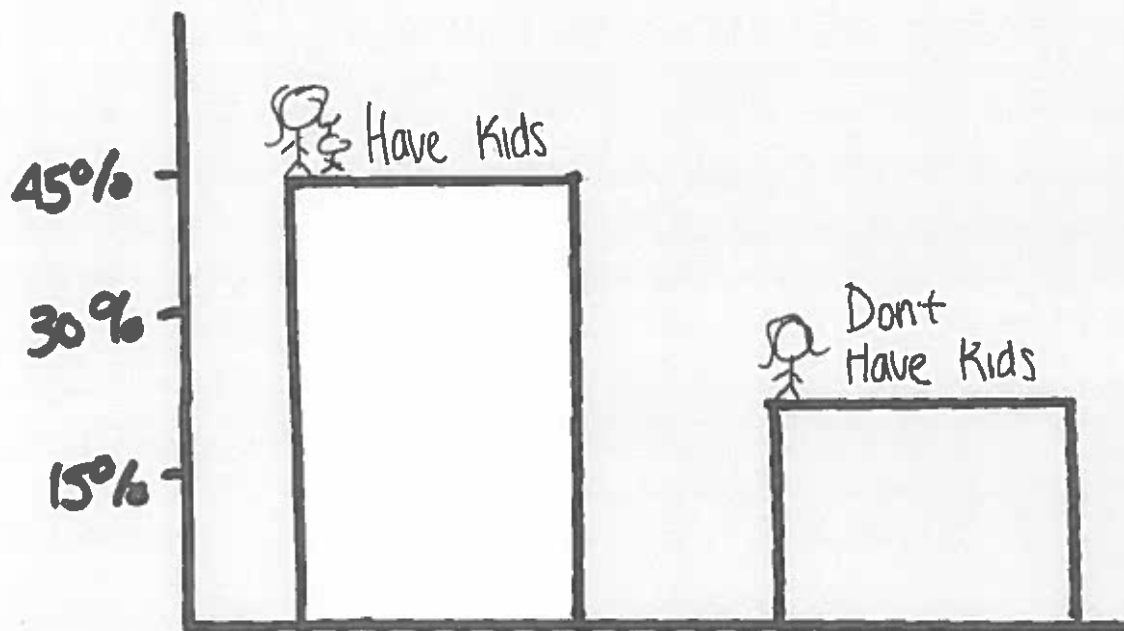


There are some arguments that women have lower salaries because they don't negotiate salaries as well or aren't as naturally competitive

Studies do find that women negotiate their salaries less frequently than men — but also that they may choose to do so with good reason. One series of experiments found that managers were less interested to work with women who asked for higher salaries in job negotiations.

The data tells us that this can't be the entire story. It can't explain why the wage gap is so much bigger for those with kids than those without. One 2015 study found that childless, unmarried women earn 96 cents for every dollar a man earns. Remember that study we started with, the one about the MBA graduates? It showed that women with kids had a wage gap twice as large as women without.

Wage gap for female MBAs who...



"There are really three groups: men, women with children, and women without children," says Bertrand, who worked on that research with Goldin. "Things like negotiating skill might matter on the margin, but it is not the core issue."

If the problem were that women aren't competitive, it couldn't address why the wage gap is *smallest* when women are youngest. It's not as if women would lose their negotiating skills over time.

All of this brings us to why the wage gap still persists in 2017, even as women have become more educated and gained more work experience than ever before.

It boils down this line in Goldin's talk:



Certain hours are more important than others in some jobs - and those jobs have especially high wage gaps.

Does this mean that wage gaps are inevitable? Or the burden of women who devote more time to caring for their children? Not necessarily.

Consider the pharmacist

Pharmacists used to have a significant wage gap. In 1970, women pharmacists earned about 66 percent of what men did. Now full-time female

workers who work a full year make 92 percent of what their male colleagues earn — a significantly smaller gap than what is seen among doctors or lawyers.

Pharmacists are close to pay equity

Ratio of female-to-male, full-time pharmacists' salaries



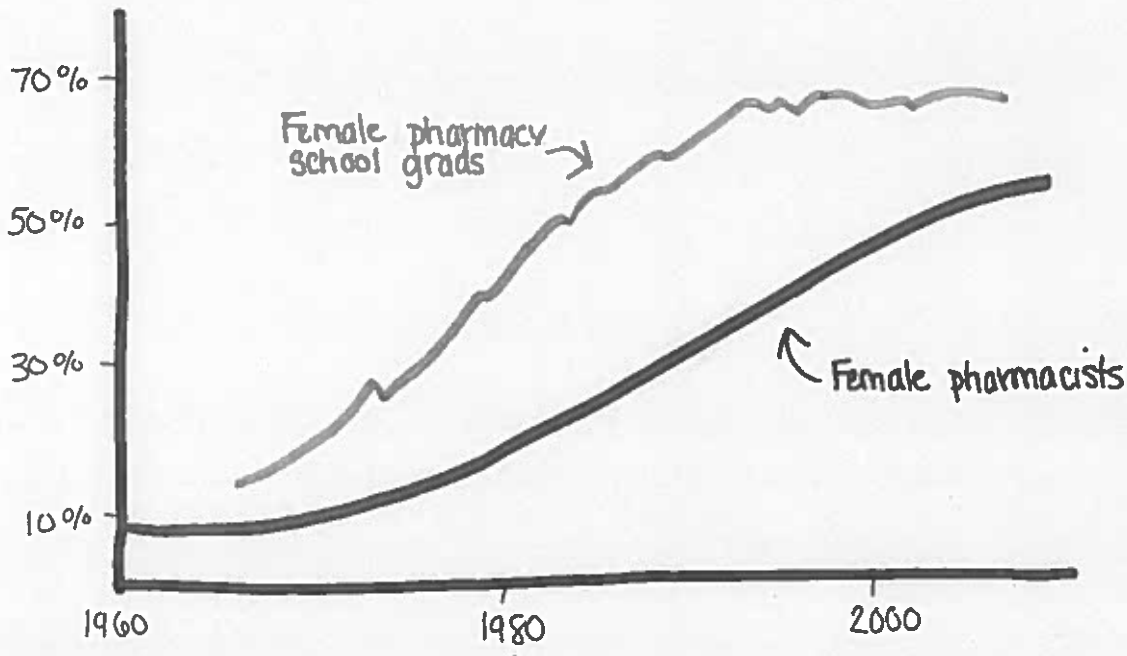
The wage gap for pharmacists has shrunk significantly because the profession has changed.

In the 1970s, pharmacies were primarily independent and self-owned businesses. A single pharmacist might be responsible for keeping his or her shop open. The pharmacy would need to be open typical business hours; the owner would need to be available to do that.

Now large chains own most pharmacies. And while you might get nostalgic for the mom-and-pop shops, you should know this change has been undeniably good for female pharmacists' earnings.

The majority of pharmacists are now women. And their wages have grown faster than those in *other* professional roles, like lawyers or doctors.

Most pharmacists, pharmacy school grads are now women



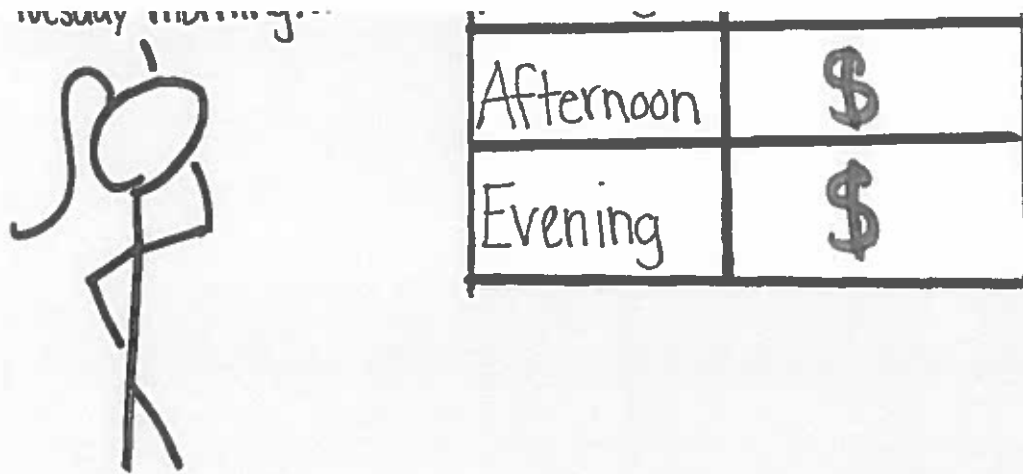
Bigger pharmacies hired more pharmacists, and customers essentially saw the workers as interchangeable. Most patients don't care about seeing a particular pharmacist — they just want to make sure they get the right medication.

This meant it wasn't important to be around 9 am to 5 pm — a shift from 6 am to 2 pm would do the pharmacy just as much good. And nobody accrued higher hourly wages for working exceptionally long hours.

Meanwhile, in your local chain pharmacy...

I'll take Monday evening,
Tuesday morning ..

Morning	\$
---------	----

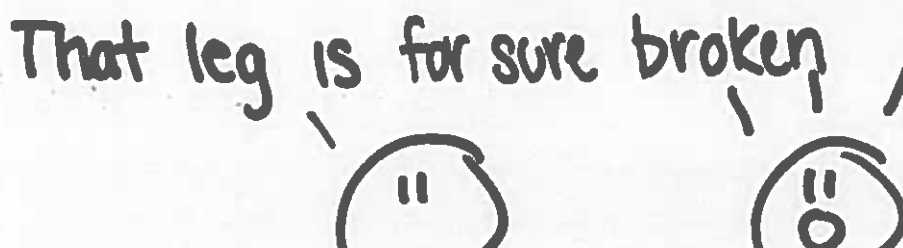


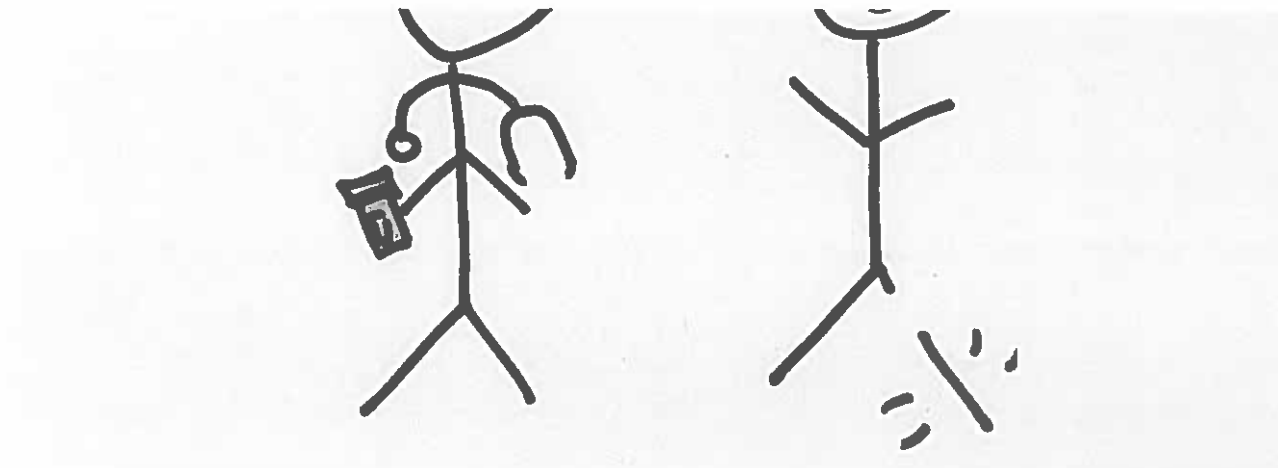
We can't all be pharmacists. But that doesn't mean wage gaps can't shrink elsewhere.

Goldin's research suggests that making hours more flexible — and workers more interchangeable — will lessen the economic benefits of the rigid work schedule.

It can be hard to imagine how some professions can change in that way — how an emergency room or corporate law firm can make all hours equally valuable. But it was probably hard to imagine how pharmacies would become more egalitarian before they actually did.

You see this shift happening elsewhere too. Primary care doctors, for example, have shifted away from running one-person practices to joining larger, multi-doctor offices. In these situations, doctors become more interchangeable: When I go to my medical practice in downtown Washington, DC, I usually just want a doctor who can solve my problem — and I care less about which doctor is doing that.





"There will always be 24/7 positions with on-call, all-the-time employees and managers, including many CEOs, trial lawyers, merger-and-acquisition bankers, surgeons, and the US secretary of state," Goldin says. "That said, the list of positions that can be changed is considerable."

Politicians like to talk about solutions to the gender wage gap. But it's not clear how far government interventions can go.

Democratic politicians — including Hillary Clinton during her 2016 presidential campaign — have pushed for more affordable child care and passing the Paycheck Fairness Act, which would make it illegal to fire or punish someone who asks a co-worker how much he or she makes.

Goldin tends to be skeptical of policy solutions because they can often play out in unpredictable ways. And they treat a symptom of the root problem — inflexible workplaces — rather than the problem itself.

Consider paid maternity leave, a policy often advocated to support working women. It is undoubtedly great for newborns to have more time with their mother in the first months of life. But this could actually lead to *lower wages* for women, as they would be more likely to have disruption to their careers.

"Well-intentioned policies backfire 98 percent of the time," Goldin argues. "We find it hard to think ahead to what will actually happen. We are thinking

about policy when we should be thinking about the workplace. That's the cause of all of this."

Goldin's research suggests that the best way to tackle the wage gap is by implementing policies that make all hours *equally valuable* — or at least taking steps in that direction

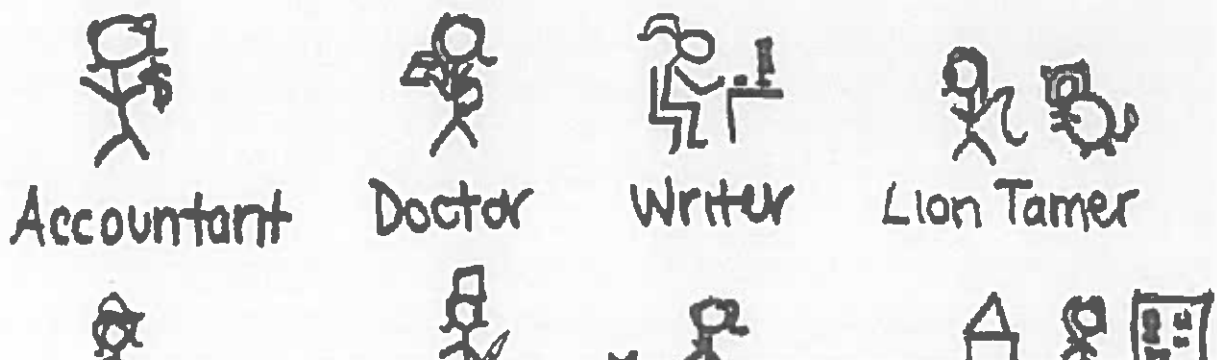
This might mean moving away from the traditional schedules we've become used to, the 9-to-5 hours that became standard when most workers had a spouse at home to handle the emergencies of daily life.

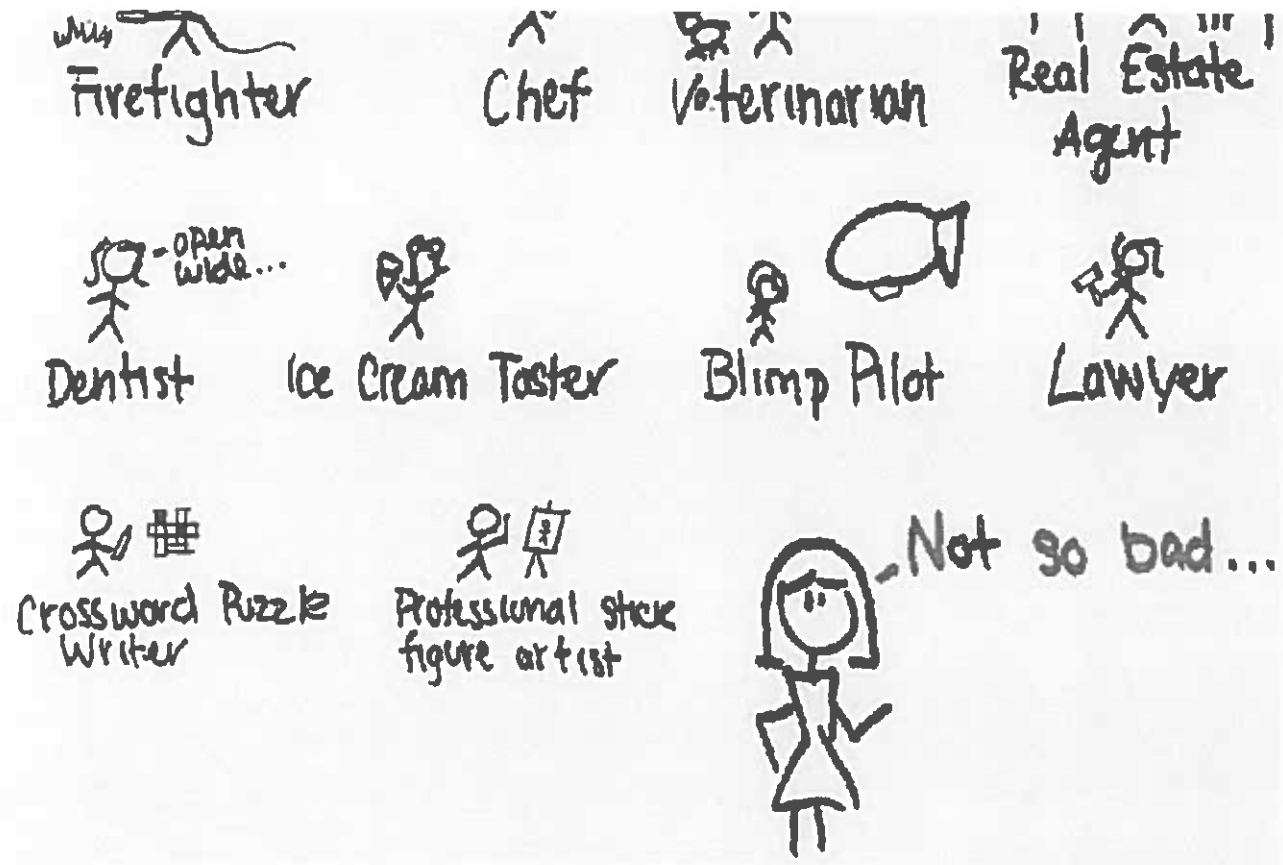
It also means not giving disproportionate rewards to those willing to work the longest, either. Numerous studies find that long hours aren't always productive. One study published last year found that managers couldn't tell the difference between those who worked an 80-hour week and those who pretended to.

"The research is clear," the Harvard Business Review declared last summer. "Long hours backfire for people and companies."

Closing the wage gap means making jobs work differently. There are some jobs where that won't be possible. Adding more flexibility won't erase the gender wage gap overnight. But it is part of a larger shift in how we see jobs as different now that most workers are also responsible for some level of child care. And there are plenty where we could certainly try harder.

Condensed list of jobs with potential flexibility





CREDITS

Words editors: Alvin Chang, Ezra Klein

Images editor: Javier Zarracina

Correction: This story initially had the wrong chart under "Who is responsible for the majority of chores and household responsibilities."