

***Gender Wage Gap***

***Women in the Workplace***

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**Abstract:**

This paper explores research in relation to the Gender Wage Gap and the real facts of this issue and its impact on our society. My paper looks deep into what contributes to how women make \$.77 cents to every dollar men have made. Women make less than men after taking into consideration education, training, and experience. Even after the shift to more women graduating from college than men, the wage gap widens each year post graduation. There is no simple magical solution that will make this problem disappear. In my research I will suggest greater transparency in the workplace, more flexible schedules, and lastly better childcare options and maternity leave policies.

## Introduction

The Gender Wage Gap is something that women struggle day in and day out against in order to fight for the equality they deserve. Women today are paid, on average, only 77 cents for every dollar paid to men (NWLC, 2013). This means that regardless of having similar background, training, experience, and education women make less than their male counterparts. Women lead only 21 of the nation's 500 largest corporations, hold less than a fifth of congressional seats, make up 36 percent of the lawyers in the United States but only about 21 percent of law firm partners, and only one-fourth of college and university presidents are women (Greenblatt, 2016). All of these things contribute to proving how prevalent the gender pay gap truly is, all of the above does not mean that women are less qualified than men it means that they are being discriminated against due to their gender. The executives and other individuals who are tied up in this discrimination try to claim that it's based on the differences in training and educational background, saying that it's based on women's choices. Choices like having a family and being a caregiver, as if these aspects naturally negatively impact their pay. The choice to have a family does not reflect poorly on a male. A 2014 study by University of Massachusetts sociologist Michelle J. Budig found that women's earnings decrease by an average of 4 percent with every child, while men receive a 6 percent fatherhood "bonus" (Greenblatt, 2016). Therefore society is sending the message that a woman's only chance to be equal to her male counterparts in the workplace is to not have children, because their careers will suffer if they do so "having it all" is not an option. The fact of the matter is women are expected to be the main caretaker of their children instead of the men, this gender bias is

feeding right into the gender wage gap widening it for no reason except for unrealistic stereotypical expectations.

### **Background Research**

Throughout history women have faced equality issues trying to achieve what they deserve. In 1919, the women gained the right to vote starting a revolution of strong women leading each other towards successful futures. In 1938 the Fair Labor Standards Act establishes rules for a minimum wage, overtime pay and child labor attempting to start wage equality between the genders. Congress then passed the Equal Pay Act as an amendment to the Fair Labor Standards Act of 1938 as President Kennedy's effort to make sure women went home with paychecks equal to that of their male counterparts. Next, 1964 Congress passed Title VII of the Civil Rights Act of 1964 prohibiting employment discrimination on the basis of race, color, religion, national origin and sex in order to avoid discrimination of pay (Billitteri, 2008). Gender Wage Discrimination is not something that can change overnight and us as women realize that, but we work hard at our careers and just want to see progress heading in the right direction. Some researchers say that the gap is decreasing but when you look closely it is small decreases over large periods of time, trying to force women into thinking change is happening and to settle for something less than deserved. Although these were passed and written into law it by no means that corporations follow this they often find ways around.

There are some specific cases in history regarding the Gender Wage Gap that I find important to this thesis. Lilly Ledbetter sued in 1998, she was one of a handful of women among the roughly 80 people who held the same supervisory position she did. Over the years the company's pay-raise decisions created a growing gap between her wages and those of her

male colleagues without her even knowing. The courts awarded her \$3 million in damages, but in the end she lost her case in the U.S. Supreme Court. Ruling said that under the nation's main anti-discrimination law she should have filed a formal complaint with the federal government within 180 days of the first time Goodyear discriminated against her in pay (Billitteri, 2008). This was until the reverse of the Supreme Court ruling 2 years later when, in 2009 Obama passed the Lilly Ledbetter Fair pay act. This act restores longstanding law and helps to ensure that individuals subjected to unlawful pay discrimination are able to effectively assert their rights under the federal anti-discrimination laws. Under this Act, each discriminatory paycheck resets the 180-day limit to file a claim (NWLC, 2013). It is vital that we elect leaders that will work towards policy changes that benefits us and our future as hard working Americans regardless of any individual's gender. Having leaders that will work at correcting issues such as gender discrimination and closing the wage gap is what will help enact legislature that can secure these things get taken care of. Legislature would not fix the wage gap overnight but it would allow women to have the opportunity to correct these disparities through the court system.

One of the largest class-action lawsuit against a private employer in U.S. history is the case of Walmart's employees filing a sex-discrimination claim. Their distribution Center in Kentucky denied jobs to female applicants from 1998 through February 2005. During that time frame Walmart regularly hired male entry-level applicants for warehouse positions, rejecting female applicants who were equally or better qualified. The EEOC accused Walmart for having gender stereotypes in hiring for entry-level positions. They would tell the applicants that order filling positions were not fit for women and instead they only hired mainly 18-to25-year-old males for those positions. Walmart Stores was forced to pay \$11.7 million in back wages and

compensatory damages, its share of employer taxes, and up to \$250,000 in administration fees to settle the lawsuit. (EEOC, 2010).

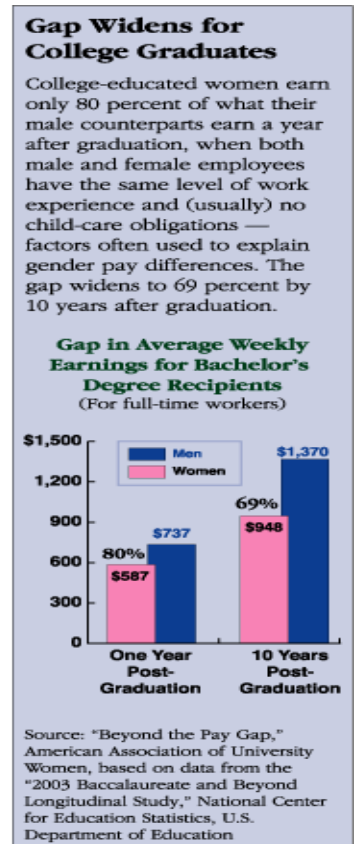
Wells Fargo bought Wachovia on Dec. 31, 2008, in 2009 three female financial advisors at the brokerage unit of the former Wachovia Corp sued Wells Fargo in September, alleging discrimination dating to 2003. This discrimination included discrimination in relation to career advancement, distribution of accounts, work assignments, partnerships and teams, compensation, and/or other terms and conditions of employment of certain female employees. Wells Fargo continued to deny the claims but decided resolving this case is in best interest of the company. The judge approved a settlement for \$32 million and Wells Fargo is required to implement a four-year program to strengthen training and efforts to promote female brokers (Wealth Management, 2011). We can only hope for the future sex-discrimination cases continue to be brought to the light of the courts in order to ensure justice and correct prior discrimination cases.

The case of Dreves V. Hudson Group Retail, under the United States District Court for the District of Vermont involves violation of the Vermont Equal Pay Act in relation to the gender wage gap. In this case Dreves asserts that her former employer violated federal and Vermont equal pay provision by paying her male successor more than it paid her even though she has more experience. The Vermont Fair Employment Practices Act has a provision prohibiting employers from discriminating "on the basis of sex by paying wages to employees of one sex at a rate less than the rate paid to employees of the other sex for equal work that requires equal skill, effort, and responsibility, and is performed under similar working conditions. The court grants her summary judgment and ends by explaining how they aren't blind to the larger

problem this case affects, the problem of the gender wage gap. In 2012, women's median weekly earnings were 81 percent of men's, the promise of equal pay for all genders continues to not be met. While yes there has been an steps towards closing the gap considering that in 1963 females only made 60 percent of what men made. That does not mean we are on an upward slope where it's only looking positive from here. In recent years the gap has actually slightly increased. The court stresses how any gap in pay between the genders, whether forty or ten or one percent, is an implicit statement to our children that we value the work of our daughters less than that of our sons. How can we be sending this information out to the youths of America, how can we be so discouraging that our daughters will grow up thinking they will never be equal to men only below them. The courts need to all be adapting this way of thinking to ensure we are sending the right messages to employers for what we will and will not allow to go on in the workplace. It does not matter that Dreves successor asked and negotiated for a higher salary, giving Dixon a higher salary just because he demanded so does not provide an acceptable justification for failing to provide Dreves, or any female employees, with equal pay for equal work (U.S. District Court, 2013).

It used to be that you could contribute most of the overall wage gap to the difference in education, there just weren't as many female college graduates than males. Times have since then changed, women actually account for more college graduates than males. But if this is true how does the gender wage gap still exist? Typically, similar education and training would lead you to assume that two individuals made the same salary even regardless of differences in gender. This is not the case considering the gap has not shrunk, even apart from other research claiming it has closed slightly, overall it is still one of the biggest issues women face in the

workplace. Female college graduates now earn \$8,000 a year less than their male contemporaries, a gap that has widened in the past 16 years. Comparing to 2000, male college graduates earned 8.1% more in 2016 than in 2000, while young female college graduates earned 6.8% less than in 2000. Showing exactly that the gap has indeed widened in many ways, ways we were unaware of. Researchers studying the gender wage gap tend to more often than not focus on one broad fact instead of going in depth to prove exactly what is contributing to this overarching issue. If you just look at their wages in 2016, on average young men who are college graduates are making \$20.94 compared to \$16.58 for women. That's a difference of more than \$4. Over the year, that ends up being more than \$8,000 (The Guardian, 2016). Men that are in higher positions are driving up wages for men lower on the totem pole, yet for women somehow the wage gap gets wider as they move up in the pay scale. This ties back into how even with the same educational background, additionally when considering similar experience women still make less than their male counterparts. The graph on the right depicts how the gap widens as the years go on post-graduation, even for the female employees with the same level of education, experience, and mostly no child-care obligations. The factors society tries to blame the entirety of the gender wage gap on. Therefore, when you graduate you'll only make a small amount less than your male counterpart but throughout the years the gap will widen for no explained reason besides pure discrimination. We must figure out how even young graduates are facing this issue in such a serious way so quick into their first few years in the workforce after they just spent all those



years in school working for equal opportunity. Discouraging young women will only contribute to widening this gap even further in the coming years, whereas closing the gap would encourage them to break all of these barriers. We are trying to teach our children that if you work hard in school and graduate with a degree then you'll be successful, as if it is that simple black and white.

## **Discussion**

Are women limiting themselves? Maybe sometimes for the sake of themselves since they juggle family and personal responsibilities. Are we victims of the "glass ceiling" and are women pushing through hard enough to break those barriers we face everyday in our careers. Women are less likely to negotiate our salaries, but does that mean they are any less deserving of a pay raise in comparison to their male counterparts. Fifty-seven percent of the male college graduates negotiated for their starting salary whereas only 7 percent of the women did.

Research shows that women have a right to feel scared and threatened by a negotiation penalty, which is 5.5 times higher for women than for men. Additionally, both male and female hiring managers were less likely to hire women who negotiated (Johnson, 2013). Therefore, it is hard to firmly say that women are limiting themselves because even if they do speak up and stand their ground they are even more likely to receive negative consequences from doing so.

Women not only face gender discrimination in pay but they also face gender stereotypes that harms their opportunities for advancement. Studies show that women are generally expected to be more nurturing, sympathetic and kind and that when they show dominance or self-promotion they may face social or career-related consequences (Johnson, 2013). When you really think about it this is something we observe and even participate in both



our student or work lives. If there are two people in your class or office, one a male and one a female, both equally skilled and capable but the female was aggressive and used her outgoingness as an edge. When asked which you preferred to work with, the majority would pick the male because the female acts outside of her allowed behavior according to her gender stereotype. Stereotypes like these are engraved into our minds by society over time and are even harder to fix than equal pay, yet they bear a huge burden on the entire issue of gender wage discrimination.

Pay secrecy is yet another issue that contributes to widening the gender wage gap. The author of *Pay Secrecy and the Gender Wage Gap in the United States*, found that women with higher education levels who live in states that have outlawed pay secrecy have higher earnings and the wage gap is consequently reduced. Therefore, if these practices are outlawed and workers were allowed to share wage information there may be a decrease in the gender wage gap improving the entirety of the situation. This is not the overarching solution but it would be a step in the right direction, a step that women desperately need. In the United States, most employees are prohibited from discussing their earnings. According to a survey conducted in 2010, 61 percent of private-sector workers are either formally forbidden or informally discouraged from discussing their pay with their colleagues (Institute for Women's Policy Research 2010). The National Labor Relations Board (NLRB) has consistently ruled that discussions of wages are a form of "protected concerted activity" making prohibiting discussions of earnings illegal. Yet pay secrecy is still so across the board, mostly because most employees are not covered by the NLRA (National Labor Relations Act). Another reason this is so widespread is because most employees either don't know it is illegal or employers

commonly break the rules considering the consequences are mild. Although this lack of knowledge may cause more pay discrimination and thus contribute to the increase of the gender wage gap. Many individuals believe that openly discussing pay would decrease morale, increase jealousy, and ruin relationships and they are fine with pay secrecy for these reasons. But if they knew that this issue was a contributing factor to why there aren't equal-pay systems then maybe workers would push more to make sure it's outlawed. Lack of knowledge of the gender wage gap beyond the most general sense is what is hurting us the most. Marlene Kim believes that salary transparency would enable women to know what others are earning and to negotiate for similar pay. It would also allow women to know if they are underpaid compared to similar men and to correct these disparities, either informally or through the court system. Transparency is going to be what shows those that are indeed uneducated why they need to begin to stand up for this issue for themselves, their children, and the future of the American workplace.

Harvard's Claudia Goldin in *How to Achieve Gender Equality* quoted how, "What is needed are changes in how jobs are structured and remunerated, enhancing the flexibility of work schedules. To succeed, the changes must decrease employers' costs in substituting the hours of one worker for another. Firms that have family-friendly policies and there are many of them are moving in the right direction. But if those policies are accompanied by decreases in women's average hourly pay and dimmer prospects for promotion because the cost of accommodating flexible hours remains high, they will only reinforce gender differences in the workplace." This does not require government intervention, women changing who they are at the core to be more like men, or trying to force men to be more responsible at home (Goldin,

2015). I believe this is a strong point in discussing how it is not a quick fix, there's not one simple solution, and taking just a step in the right direction is not enough to make a difference. As a population that is getting ready to bring the next generation into the workplace we must shift our policies towards what we want to become and focus on the America that ensures equality to the youth. The America that ensures equal opportunity, pay, and treatment to every individual regardless of gender or any other protected class.

## **Conclusion**

Greater transparency in the workplace would allow women to see what their male counterparts are making and this could encourage women to negotiate their salaries and give them the extra push to get what they deserve, equal pay in the workplace. Everyone knows about the gender wage gap it is talked about in class, mentioned in the news, and relevant in almost every workplace. But people don't know exactly which fields it exists in more strongly than others, they don't know how wide the gap really is, and even if women do know these things it is not always so easy to speak up without fear of repercussion. As mentioned before, women lead only 21 of the nation's 500 largest corporations, hold less than a fifth of congressional seats and even though there are many female doctors only 5 percent of surgeons are women. Women are discriminated against mostly in fields relating to science, law, medicine, etc. where they face the largest wage gap of them all. Can women really push past the gender wage gap if they aren't able to make it in management or executive positions in so many job categories. The most highly paid positions are the ones that are lacking women so how can you close a wage gap when we can't even manage to get women in these positions in the first place? What is this discrimination and gap stemming from? Women that have a

schedule that demands specific hours, the wage gap is larger than women with jobs with more flexible hours. For example, business women who work the typical 9-5 office job versus a scientist that can do their experiments whenever they feel is most convenient. This issue is not something that can change overnight and women indeed do realize that, but they work hard at their jobs and just want to see progress heading in the right direction. Some researchers say that the gap is decreasing but when you look closely it is small decreases over large periods of time, trying to force women into thinking change is happening and to settle for something less than deserved. At the current rate of growth, however, it would take more than 70 years for women to pull equal with men in leadership roles (Johnson, 2013).

Typically when a couple decides what to do with their children for child care, if they decide one of them should stay home it is most common the parent who makes less stays home. Overall, this is typically the mother instead of the father in order to provide their child with as much as they can. Closing the wage gap could change this, and in turn bring women back into the workplace. When women take multiple leaves of absence from work they tend to suffer even more when they return. Employers need to introduce more accommodating work arrangements, such as flexible hours and options to work from home. Pay equality between men and women will also help boost the number of women in the labour force as women realize staying at work is actually the better choice for her family as well as herself (McMahon, 2010). Allowing women to have a bigger opportunity to get to have her career as well as a family without having to choose one of the other. Employers are unlikely to give special treatment to an individual just because they have a child, to them a five-year gap on your resume means you most likely lack the skills you once possessed.

There are no simple or quick solutions, most solutions people suggest can easily lead to more discrimination. How can we ensure that people won't discriminate against a potential new-hire due to their gender? As mentioned before women can experience anywhere from a 2-10% increase in the wage gap by having children. Much of this can be pointed to lack of fair maternity leave policies. Worldwide, 830 million working women lack access to maternity leave, almost 80 percent of them in Africa and Asia (Women's Economic Advancement News, 2018). Introducing into law a paid maternity leave policy could help even out the gender wage gap by allowing women to be both caretakers and strong contributing members of the workforce, without suffering the consequence of an increasing wage gap. An article I read by Gillian White in the *Atlantic* explained how changing the law simply won't suffice until we change our culture. Forcing companies to decide on and pay for paid-leave options links to the cost analysis that firms do when hiring women of childbearing age. In some instances, this means that firms could be hesitant to even hire women who are either already a mother or of childbearing age for specific roles (Gillian, 2015). In my opinion, if we are facing such large amounts of discrimination and the gender wage gap already then I do not think putting into place legislature concerning paid maternity leave would worsen the problem. I also believe we will never truly know unless we try and if it failed at least we could say, as a society, that we are doing and trying out everything we can. I would rather be a country known for doing it's best to shrink the gender wage gap than the country that is lazy sitting around waiting for things to magically disappear in time. On top of this we are supposed to be world leaders, many other countries deal with this issue in an even bigger way in addition to many other discriminatory problems. We should be setting an example for how we want the rest of the world to act.

Change needs to come from both employers and employee efforts. We can't tell other people that we are the best if in reality we don't care enough about our people and their well-being. It is difficult to care enough about changing something if you are not educated about the issue. Researchers say if nothing changes and trends continue, the wage gap won't close until the year 2058, something to think about.

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