

Glass ceilings: Why are they persisting and what can we do about them?

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This talk draws on Booth, AL (2009), 'Gender and Competition', Labour Economics 16, pp 599–606 , December

Some stylised facts

- In 2012 only 12 women are CEOs at Australia's top 200 companies.
- Only 12.3 percent of boards of top 200 are female.
- Two-thirds of ASX500 companies have no female executives.
- For all employees, the gender pay gap is increasing across the wages distribution, as estimates from Kee (2006) Economic Record show.

Gender pay gap increases across the wages distribution

	10%	25%	50%	75%	90%
Public Sector	0.11	0.12	0.13	0.14	0.16
Private Sector	0.01	0.06	0.13	0.20	0.26

Notes: (i) HILDA data; (ii) quantile regression estimates controlling for individual and employer attributes; (iii) individuals 18-60 years; (iv) OLS estimated gender gap for public sector is 0.12 and for the private sector is 0.12.

Interpretation

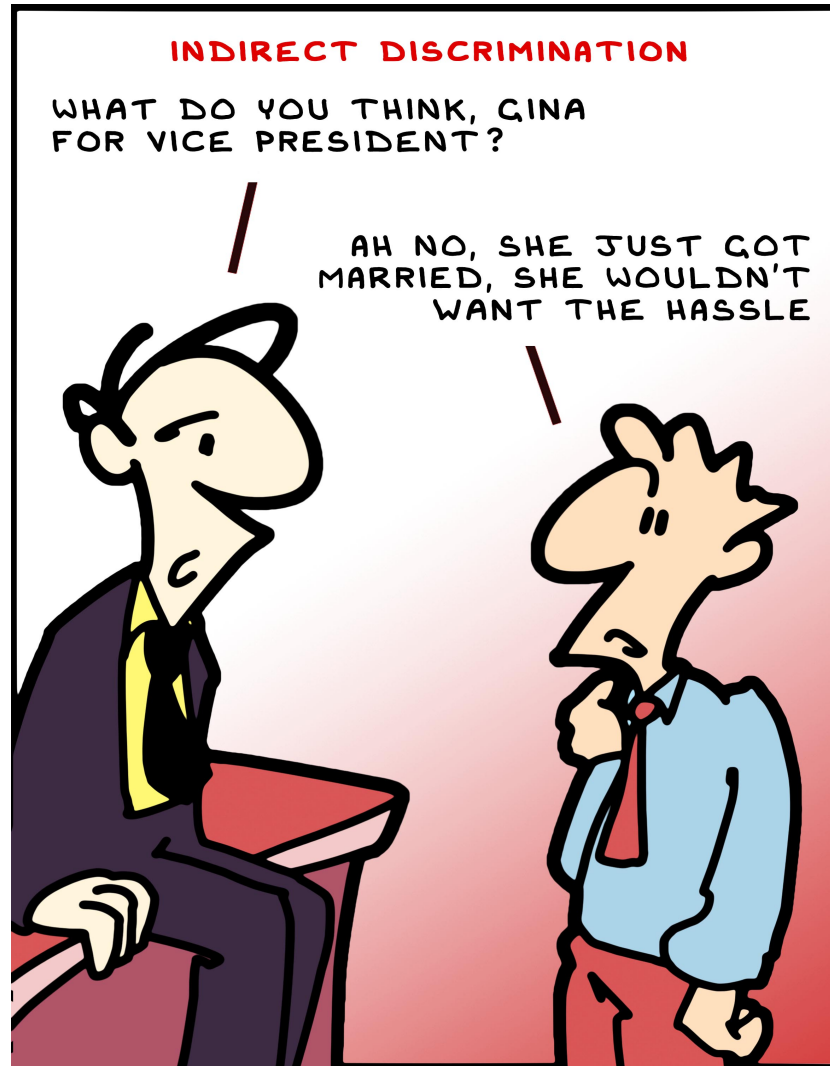
- QR estimates show that, even when men and women have same characteristics, there is an increasing gender gap across the wages distribution due to different returns.
- This phenomenon - of a gender pay gap that increasing across the wages distribution and accelerating in the upper tail – is labelled a ‘glass ceiling’ effect.

Interpreting gender gaps

- Demand-side through discriminatory practices?
- Other sources of unobserved heterogeneity on supply-side?
- Combination of the two?

The gate-keepers

Cartoon by Richard Chapman



Prejudice at hiring stage

- Promotion criteria can increase gender pay gaps (eg lawyers).
- Discrimination at hiring stage affects willingness to bargain. Suppose female has lower job-offer probability (Goldin and Rouse, 2000, orchestra).
- Woman so grateful for job she won't bargain as much as men (outside options lower).

Prejudice at hiring stage (cont'd)

- Gender differences in bargaining propensity have to be more important towards top of wage distribution for this to explain glass ceiling effect.
- If women towards bottom have wages set by awards while those towards top negotiate individually, the fact that “women don’t ask” could contribute to glass ceiling.

Competition

- Why don't firms make greater profits by hiring women with low bargaining power and outside offers, driving up wages?
- Taste-based employer discrimination model of Becker (1971).
- Economists becoming more willing to ask how preferences form, drawing on insights from psychology and sociology.
- Employers' tastes for discrimination may arise because of 'homosocial' preferences - Lipman-Blumen (1976). "Social preference for being with members of one's own gender without any implication of erotic attraction".
- Men may feel more comfortable being surrounded by men.
- Nepotism argument of Goldberg (1983). Firms gain utility from working with a particular group of workers and nepotistic firms can coexist with other firms in long run.

Employers' gender role attitudes

- Role congruity model of Eagly and Karau (2002) aims to explain why women are discriminated in some roles but not in others.
- Perceived incongruity between female gender role and leadership role results in two forms of prejudice:
 - (i) women perceived less favourably than men as leaders;
 - (ii) women in leadership roles evaluated less favourably - don't fit prescription of appropriate female behaviour.

How are prejudices formed?

- Gender identity hypothesis - individuals operate within society's constraints and their utility affected by social custom.
- Society's prescriptions about appropriate gender behaviour result in wo/men experiencing loss of identity if they deviate.
- Male bosses might be happier employing men to higher-ranking posts, since then adopting society's behavioral norms.
- Unclear how this operates with female bosses, since outcome depends on where her identity lies.
- Prescriptions arose because it was in dominant group's interest to maintain them. Since then, society has changed but prescriptions persist.

Mentoring

- Women may do better in organisations with high female proportion ('homosocial' preferences, mentoring, networks).
- US and EU research finds that women executives working in women-led firms earn 15-20% more in total compensation than women working in other firms. Women-led firms also hire proportionately more top women executives.

Customer or client preferences

- Customer preferences may matter, as suggested by Becker (1971).
- Beckman and Phillips (2005): sample of largest U.S. law firms matched to their publicly traded clients.
- Law firms promote women when their corporate clients have women in key leadership positions.
- These effects are strengthened when the law firm has few clients, suggesting that inter-organizational influence is stronger when an organization is more dependent on its exchange partner.

Glass ceilings: What role for policy?

- Mentoring, formation of networks and role models
- Quotas to increase female representation at the highest levels (boards and bosses)
- Stop nepotism at the gateways into higher level jobs
- Stop practices/institutions that implicitly affect women's advancement (2 examples; one from law firms, one from US academia)

SEX IS WHAT YOU'RE BORN WITH,
GENDER IS WHAT YOU'RE GIVEN



Cartoons by Richard Chapman