The Glass Ceiling

SNS International Policy Talk

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Background

• Substantial gains for women over the last half century in many countries around the world:
  – Education ➔
  – Labor force participation
  – Labor market earnings
Share of women and men with at least a college degree, by birth cohort
Background

• Large literature documenting reasons for these gains:
  – Innovations in contraception
  – Technological progress in home production activities
  – Better regulatory controls against discrimination
  – Labor demand shifts towards industries where female skills are disproportionately represented
  – Etc.

• Yet:
  – Women remain under-represented in high status/high income occupations
  – When represented in these occupations, women earn less than men
Example: C-Suite

FORTUNE 500 WOMEN CEOs (PERCENT)

Sources
Catalyst Research; Catalyst, Historical List of Women CEOs of the Fortune Lists: 1972-2013 (2013). Based on the percentage of women CEOs at the time of the annual published Fortune 500 list.

Source: Catalyst
Share of women in the employed population, by fractile of labor income

Source: Piketty, Saez and Zucman (2016)
Gender pay gaps within occupation

Part A. Full-time, full-year for the approximately 95 highest (male) income occupations

Figure 2A. Gender Pay Gaps by Occupation: 2009 to 2011

Source: Goldin (2014)
Why Should We Care?

• Much of the popular discussion of the glass ceiling is typically framed as an issue of rights and fairness.
  – “Equal pay for equal work”

• An economy that is tapping into a limited pool (men) to find its leaders must be operating inside the efficiency frontier.
  – One-quarter of growth in US GDP between 1960 and 2010 can be explained by declining barriers to the entry of women and blacks in occupations where they were previously heavily underrepresented.

• Other efficiency-based related to how diversity in leadership roles might be productivity-enhancing.
  – Many organizations making the business case for “diversity and inclusion.”
Why are women struggling to break the glass ceiling? What does the most recent research say?

What role can corporate and public policy play, if any, in accelerating convergence at the top?
Gender differences in psychological attributes

- Flurry of laboratory studies over the last 15 years or so have documented robust gender differences in a set of psychological attributes

- Some of these psychological attributes may have direct relevance in explaining educational and labor market choices, as well as labor market outcomes, especially at the top of income distribution

- In particular:
  - Women are more risk averse
  - Women perform more poorly in competitive environments and shy away from such competitive environments
  - Women negotiate less/women do not ask
  - Women lack in self-confidence (while men tend to be overly confident)

- More recently, field-based demonstrations that gender differences in psychological traits matter for education, job choices and earnings

- However, magnitudes so far suggest limited role wrt explaining gender gap in earnings
Women’s greater demand for flexibility

• Many of the higher-paying jobs have long hours and inflexible schedules

• Many of the financially more rewarding careers require continuous labor force attachment in order to stay on the “fast track,” which makes it difficult to combine those careers with job interruptions

• Because women remain the dominant providers of child care (as well as other forms of non-market work), this inflexibility in the workplace is particularly detrimental to them.
Male and female mean and median annual salaries ($2006) by years since graduation (Chicago Booth MBA data)

## Labor Supply by Gender and Years since Graduation

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<thead>
<tr>
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<th>Number of Years since Graduation</th>
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<tr>
<td></td>
<td>0</td>
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<tr>
<td><strong>Share not working at all in current year</strong></td>
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<tr>
<td>Female</td>
<td>0.054</td>
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<tr>
<td>Male</td>
<td>0.028</td>
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<tr>
<td><strong>Share with any no work spell (until given year)</strong></td>
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<tr>
<td>Female</td>
<td>0.064</td>
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<tr>
<td>Male</td>
<td>0.032</td>
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<tr>
<td><strong>Cumulative years not working</strong></td>
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<tr>
<td>Female</td>
<td>0</td>
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<tr>
<td>Male</td>
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<tr>
<td><strong>Mean Weekly hours worked for the employed</strong></td>
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<tr>
<td>Female</td>
<td>59.1</td>
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<tr>
<td>Male</td>
<td>60.9</td>
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<td>-0.331</td>
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<td>-0.565</td>
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<td>[0.032]§</td>
<td>[0.043]§</td>
<td>[0.062]§</td>
<td>[0.079]§</td>
<td>[0.045]§</td>
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Add labor market exp.

<table>
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<th>≥ 10</th>
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</thead>
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<td>-0.053</td>
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<tr>
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<td>[0.031]§</td>
<td>[0.042]§</td>
<td>[0.063]§</td>
<td>[0.082]§</td>
<td>[0.044]§</td>
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Add weekly hours worked

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<th>7</th>
<th>9</th>
<th>≥ 10</th>
</tr>
</thead>
<tbody>
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<td>-0.036</td>
<td>-0.069</td>
<td>-0.079</td>
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<td>[0.030]§</td>
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<td>[0.042]§</td>
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</tbody>
</table>

Gender pay gaps within occupation

Part A. Full-time, full-year for the approximately 95 highest (male) income occupations

Figure 2A. Gender Pay Gaps by Occupation: 2009 to 2011

Source: Goldin (2014)
Non-linear pay and gender pay gap within occupation

Source: Goldin (2014)
Why is inflexible work particularly difficult for women?

• First-order explanation: children
## Gender Gap in Labor Supply: The Role of Children

(controls include Pre-MBA characteristics, MBA performance, cohort*year fixed effects)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Not working</th>
<th>Actual post-MBA experience</th>
<th>Log (weekly hours worked)</th>
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<tr>
<td>Female</td>
<td>0.084</td>
<td>-0.286</td>
<td>-0.089</td>
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<tr>
<td></td>
<td>[0.009]*</td>
<td>[0.039]*</td>
<td>[0.013]*</td>
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<tr>
<td>Female with child</td>
<td>0.20</td>
<td>-0.66</td>
<td>-0.238</td>
</tr>
<tr>
<td></td>
<td>[0.024]*</td>
<td>[0.094]*</td>
<td>[0.031]*</td>
</tr>
<tr>
<td>Female without child</td>
<td>0.034</td>
<td>-0.126</td>
<td>-0.033</td>
</tr>
<tr>
<td></td>
<td>[0.007]*</td>
<td>[0.031]*</td>
<td>[0.012]*</td>
</tr>
</tbody>
</table>

Fig. 3. Average yearly income for women and men within matched couples before and after having their first child.

Source: Angelov et al (2016)
Denmark

A: Earnings

B: Hours Worked

Source: Kleven and Landais (2018)
Denmark

Decomposition of Gender Inequality in Earnings (%)

- Residual Gender Inequality
- Education-Related Gender Inequality
- Child-Related Gender Inequality

Year
Puzzle?

- Why are women, and especially the more educated ones, today still paying such a disproportionate price in the labor market for carrying a couple’s children?

- True that biological mechanics of having children have remained mainly unchanged

- But several forces seem at first glance to have been operating towards weakening this disproportionate price...

- In particular:
  - Amount of non-market work
  - Gender role attitudes
Amount of non-market work

- Technological change and cheaper outsourcing options have reduced need for “double-shift” (labor market work + non-market work)
  - Especially relevant for the more educated/those with highest earnings potentials

- But important countervailing force has been growing amount of time spent on parenting, especially among the more educated
  - Particularly relevant in the US
  - Guryan et al 2008; Ramey and Ramey 2009
Gender role attitudes/gender identity

– On the one hand:
  • Gender role attitudes appear weaker today than in the past, as one would expect if these attitudes are endogenously responding to market changes/new educational landscape.

– On the other hand:
  • (Among historically tracked gender role attitudes) slowest to converge are views regarding conflicts between working mothers and well-being of their children.

  • Some “dormant” gender identity norms may only start biting when women’s position in the labor market improves.
    – Ex: “Men should earn more than their wives”
Example:

Questionnaire on job preferences and personality traits filled by newly admitted students to an elite MBA program.

High stake environment: answers to be used by career services for internship placement.

Randomly-selected students thought their answers would be shared with classmates (public condition).

Compare answers for single vs. non-single (women and men) in public vs. private condition.
Figure 5. Days per Month Willing to Travel
Primary Experiment

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
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<tbody>
<tr>
<td>Single</td>
<td>13.55</td>
<td>15.38</td>
</tr>
<tr>
<td>Non-Single</td>
<td>9.67</td>
<td>18.11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9.94</td>
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</tbody>
</table>

p-value = 0.005  p-value = 0.836  p-value = 0.252  p-value = 0.220

Source: Burzstyn et al (2018)
Policies

• Strengthening work-family amenities within the workplace
  – E.g. longer maternity leave; part time work; shorter hours; flexibility during the workday; working remotely

• Gender neutralizing child care
  – E.g. “daddy months”

• Affirmative action
  – E.g. board quotas
Concluding remarks

• What about labor market discrimination/sexism?
  – Not arguing, or believing, that it is irrelevant
  – But strongly arguing that other explanations are quantitatively very relevant
  – Absent direct testing, discrimination is the “residual”

• Many trends are moving in the “right direction” for women, some very quickly (such as the large and still increasing reversal of the gender gap in completed schooling) and some more slowly (such as the declining conservativeness of gender norms).

• It is possible though that changes in the structure of work and job design over the last 40 years may not have not been as beneficial to women.