Women at Work
Historical trends and new perspectives

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8 September 2014
Women's increased involvement in the economy was the most significant change in labor markets during the past century.

Women made major inroads in labor markets: human capital, employment, pay, occupation etc.

But remaining disparities with respect to men in all countries

- In the UK women earn about 22% less than men and their employment rate is 12 percentage points lower
- Similar picture in US
- In continental Europe wage gaps are lower but employment gaps are higher
- Despite: equalized educational opportunities and reduced discrimination

Why has female participation to labor market increased?

Why gaps with men’s employment, wages and occupation have not closed?
Outline

1. Facts
2. Forces at work
3. Remaining gender disparities
4. New perspectives on gender
5. Conclusions
Facts
Female employment (% of population)

[Source: Olivetti 2014, OECD]
Gender pay gaps (% of men’s wages)

[Source: Goldin 2006, Harkness 1996, CPS, LFS]
“Female” occupations

The occupations of college graduate women aged 30-34 in the US

[Graph showing the trend of "Female" occupations from 1940 to 2000, with occupations like "Teachers, nurses, librarians, social workers, etc." decreasing and "Doctors, lawyers, professors, managers, etc." increasing.]
Forces at work
A variety of forces at work

- Human capital investment and lower fertility
- Medical advances - birth control, maternal mortality
- Technological progress
  - in the market: brawn-saving technologies compensated for female disadvantage in physical tasks
  - at home: technology replaced female work in many domestic tasks
- Rise of service economy
  - The expansion of the service sector created jobs for which women have a comparative advantage
  - and pulled women out of domestic production
- Women’s expectations and identity
### Rise of services

<table>
<thead>
<tr>
<th>Industries</th>
<th>Industry share in tot hrs</th>
<th>Female share in industry</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1968</td>
<td>2009</td>
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<tr>
<td>Primary sector</td>
<td>6.2</td>
<td>3.2</td>
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<tr>
<td>Construction</td>
<td>5.8</td>
<td>6.8</td>
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<tr>
<td>Manufacturing</td>
<td>29.6</td>
<td>11.6</td>
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<tr>
<td>Utilities</td>
<td>1.7</td>
<td>1.4</td>
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<tr>
<td>All goods</td>
<td>43.3</td>
<td>23</td>
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<tr>
<td>Transportation</td>
<td>4.3</td>
<td>3.5</td>
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<tr>
<td>Post and Telecoms</td>
<td>1.3</td>
<td>0.9</td>
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<tr>
<td>Wholesale trade</td>
<td>3.7</td>
<td>3</td>
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<tr>
<td>Retail trade</td>
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<td>FIRE</td>
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<td>7.1</td>
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<td>Business and repair serv.</td>
<td>3.1</td>
<td>8.6</td>
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<tr>
<td>Personal services</td>
<td>4.1</td>
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<td>Entertainment</td>
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<td>Health</td>
<td>4.8</td>
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<tr>
<td>Education</td>
<td>7.1</td>
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<tr>
<td>Professional services</td>
<td>1.1</td>
<td>3.3</td>
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<tr>
<td>Welfare and no-profit</td>
<td>1.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Public admin</td>
<td>6.1</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>All services</strong></td>
<td><strong>56.7</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>

30% of the rise in female hours took place between-industries
Women’s expectations

Starting in 1970s - Expanded horizons: at time of investing in education, women increasingly perceive that the lifetime labor market involvement will be long and continuous rather than brief and intermittent

- In 1968: 30% of 16-21 year old women expect to be in employment at age 35. Up to 85% in 1980.
- As a consequence, girls delay age of marriage [21 for 1940 birth cohort; up to 25 for 1968 birth cohort]
- And invest more in education, closing gap in education with boys and narrowing gap in professional and graduate schools
Changing identities

From women who work because the family needs the money to women who work at least in part because occupation and employment define one’s fundamental identity and worth for society.

- From early 1970s - value surveys show that women place greater emphasis on coworker recognition and career success among factors that are important to personal satisfaction.
- Female working hours become less sensitive to husbands’ earnings (family needs) and wages (don’t just work for the money).

What caused the change?

- Big rise in demand for women in 1950s and 1960s (clerical and service jobs) was partly a surprise.
- But next generation observed stronger labor market involvement of their predecessors and changed own views and attitudes.
Remaining gender disparities
International differences

Gender wage gaps in 2000 (% difference with respect to men)
Gender gaps in wages and employment

[Graph showing data for various countries with points representing the employment gap and the wage gap percentage. Each country is labeled: USA, UK, Netherlands, Germany, Austria, Finland, Ireland, Denmark, France, Belgium, Portugal, Spain, Greece, and Italy.]
What explains the remaining gaps?
Work-family balance considerations

- Women remain main providers of child care and domestic work
- Many high-paying jobs have long hours and inflexible schedules - difficult to combine with family responsibilities
- Many of the financially more rewarding careers require continuous labor force attachment in order to stay on the “fast track” - difficult to combine with job interruptions
- Study on top MBA graduates in the US:
  - No wage gaps upon graduation
  - Sizeable gender gaps build over first 10 years of labor market experience, mostly explained by the presence of children
- Policy: improving work-family amenities at the workplace (parental leave, flex hours, etc.) may have unintended consequences, by raising cost of hiring women
New perspectives: Gender identity norms

- “Working women cannot be good mother”
- “Men should always earn more than their wives”
- “Scarce jobs should go to men first”
- Proportion of respondents who answer “yes” to these questions strongly correlated - over time and across countries - with female labor market outcomes

How malleable are social norms?

- Evidence of strong persistence
- Policy that may help accelerate the process include e.g. exposure to female leaders (gender quotas?); paternity leave policies; schooling arrangements (coed vs single-sex)
What’s the role of preferences and psychological attitudes?

Economists only recently started to make serious efforts in investigating these

Recent developments:

- Advances in the psychology literature, and its growing influence on economics research, have pushed economists to ask new questions

- Advances in empirical methodology, based on lab or field experiments, have enabled economists to address new questions - by letting questions determine the data to be obtained, instead of the data determining the questions that can be asked

- Recent work has developed a more concrete sense of the psychological factors that appear to systematically differ between men and women
Which psychological traits matter?

Special emphasis on

- attitudes towards risk
- attitudes towards competition
- attitudes towards negotiation
- other-regarding preferences

All these may have an impact on choice of job and performance on a given job.
Labor market typically rewards risky careers with higher expected earnings.

- While it is hard to evaluate preferences towards risk or typically available survey data, lab experiments on (mostly students) subject allow researchers to elicit preferences in a fully-controlled setting ("other things equal")
- Women less likely to choose risky gambles in lab games
- Thus women more risk averse than men?
High-profile careers typically build in competitive environment.

- In the lab: women prefer not to compete in a given task, even if as good as men
- Most plausible explanation is over-confidence of men
- But stakes matter!
  - Recent US study shows that when stakes are low (about 20$) women perform better against women; when stakes are high (50$+) women perform better against men
Other psychological traits

- Negotiation - Women don’t ask?
  - Bargaining attitudes have clear consequences for earnings
  - Women less likely to initiate negotiations in lab experiments

- Social preferences - Women more socially minded?
  - If women are more socially-minded than men (altruism, fairness, envy etc.) this may interfere with their labor market success
  - Women less driven by selfish payoff in lab games, and more willing to share
Gender preferences: Causes

- Nature or nurture? – obvious policy consequences
- Due to technological and medical progress, biological differences have declining impact on female participation
- Study on tribes finds that women’s attitudes to competition differ markedly in patriarchal vs matriarchal societies [patriarchal: Maasai in Tanzania; matriarchal: Khasi in Northeast India]
From the lab to the labor market: Too long a leap?

- The ultimate test for new psychological perspectives on gender is whether they have any bite in explaining *actual* gender differences in *labor markets*
- E.g.: In a real-life experiment for in Israeli schools, female and male teachers do equally well under tournament payment scheme
Policy responses

- Changes in firm HR practices potentially undoing some effects of gender differences in psychological attributes
  - e.g. informational policies giving feedback on relative performance, prevalence of negotiation and wage rises etc.
- Affirmative action/quotas targeted at high performance women within organizations
- Indeed regulation on gender quotas have led to growing representation of women on political committees, boards and other group settings.
- Can team composition influence decision making and have consequences on the labor market?
One of the first countries to implement gender quota laws was Norway in 2003: listed companies to achieve 40% female board representation within two years.

Constraints imposed by the quota implied a decline in stock prices and operating profits. Mechanisms:

- Women had lower corporate experience (temporary?)
- Different style of corporate leadership (permanent?)
- Fewer employee layoffs (female directors consider labor hoarding a more profitable long-run strategy, or have a greater concern for workers’ vulnerability to unemployment risk)

Impact beyond board?

- No evidence that gains in female presence at the top trickled down to a stronger female presence in lower layers within the companies affected, or outside the companies affected
Conclusions

- Women have made fast and steady progress in the labor market throughout the 20th century.
- However: convergence seems to have stalled since the 1990s...
- Important gaps remain in earnings and hours, and women are under-represented in high-status, high-income occupations.
- Significant steps in understanding factors of remaining gaps.
- Bad news is that some of the identified factors might be slow to adjust, from innate differences or persistent social norms.
- Good news is that firm policies and public policies could address some of these factors - with lots of caveats.