



*Bozeman Business & Professional Women Meeting
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Gender Pay Equity: Does it exist and if not, why?

Dr. Virginia K. Bratton
Montana State University
College of Business
vbratton@montana.edu

Gender Pay Equity

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1. Definitions & Background
2. Current Statistics
3. Discussion
4. Recommendations

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1. Definitions & Background I

“Equal Pay for Equal Work”

- Does Gender Pay Equity exist?
 - What is *equal* vs. what is *equity*?
 - In the beginning, Equity referred to *equal pay for equal work*.
 - Now, the issue underlying *Equal Pay Day* and bringing about the Lily Ledbetter Act is: pay discrimination based on sex, race, national origin, age, religion and disability.
 - Quebec Government defines issue as: *equal pay for different but equivalent work*.

1. Definitions & Background I

“Equal Pay for Equal Work”

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THE GOAL OF PAY
EQUITY

Equivalent
responsibilities

+

Equivalent
qualifications

=

Equal Compensation

Time



SOURCE: QUEBEC PAY EQUITY COMMISSION

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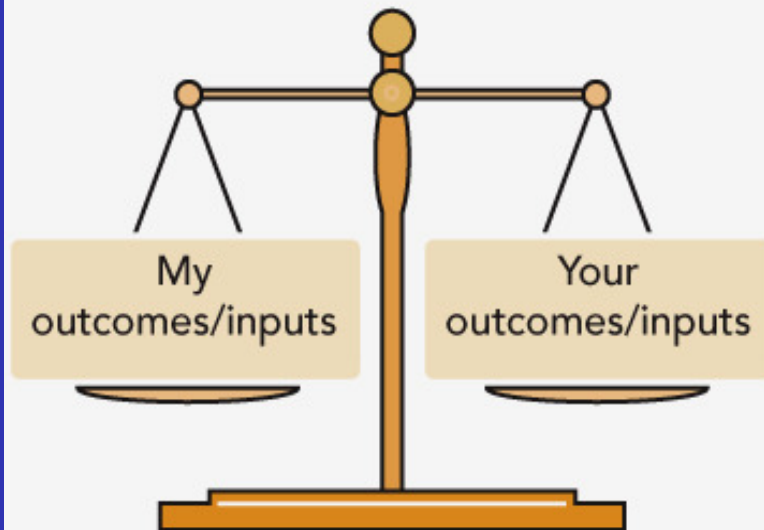
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1. Definitions & Background II

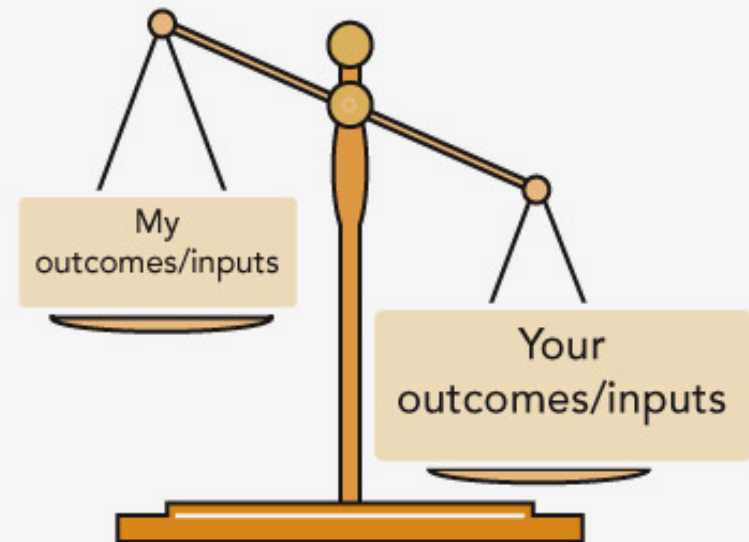
- *Equity & Perceptions Thereof*

- According to BusinessDictionary.com, pay equity is the: *Degree to which the actual pay of an employee matches what he/she thinks to deserve [...]* Also called *pay satisfaction*.

Equity: Pay Seems Fair



Inequity: Pay Seems Unfair



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1. Definitions & Background II

- *Equity & Perceptions Thereof*

- According to BusinessDictionary.com, pay equity is the: *Degree to which the actual pay of an employee matches what he/she thinks to deserve [...] Also called pay satisfaction.*
- Employees compare their pay & contributions against 3 yardsticks:
 - What they think employees in other organizations earn for doing the same job.
 - What they think other employees holding different jobs within the organization earn for doing work at the same or different levels.
 - What they think other employees in the organization earn doing the same job as theirs.

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1. Definitions & Background III

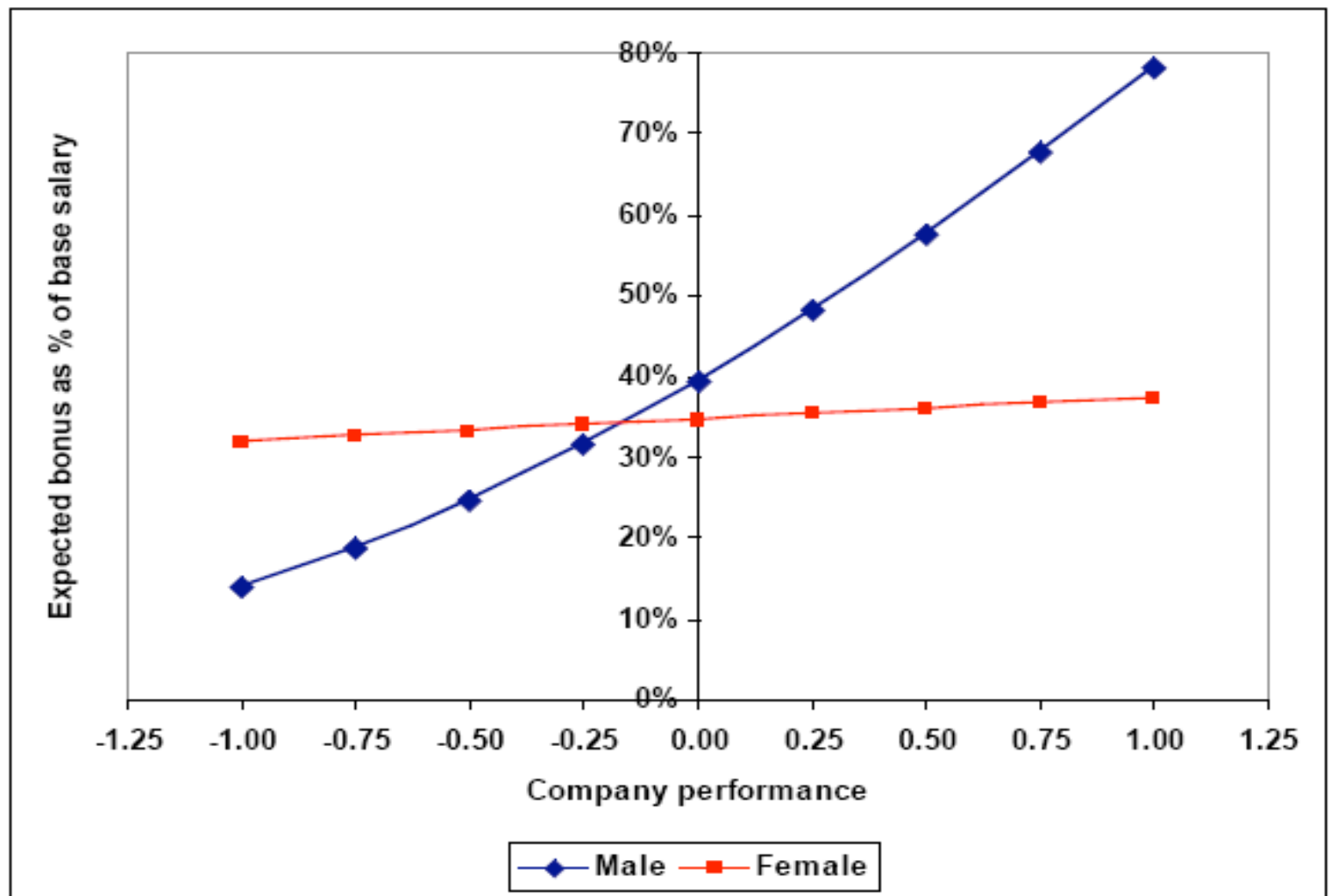
- *Gender & Equity #1*

- History of underpayment for women
- Women pay selves less then men when asked to set fair pay for same work.
- Men earn higher pay for *human capital* than women.
- Both men & women tend to attribute successful job performance of women to *external* factors and job failures of women to *internal* factors.

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Gender differences in performance sensitivity of bonus (UK CEOs from 1998-2004)



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1. Definitions & Background III

- *Gender & Equity #2*

- Do women *perceive* pay inequity & if not, why?
- Women may receive lower wage offers if recruiters think they lack knowledge of prevailing wages.
 - Need to access information about pay within & across jobs
 - Need to develop more social ties to males, who tend to hold positions of higher influence with access to better information on wage & job openings
- *Without wage information*, women tend to have lower pay expectations & lower sense of entitlement to pay than do men.
- Institutions tend to segregate women from contact with men, which keeps them from being able to make cross-gender pay equity comparisons.

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2. Current Statistics I - *National Numbers*

Characteristic	Number of workers (in thousands)		Median weekly earnings			
	IV 2007	IV 2008	In current dollars		In constant (1982) dollars	
			IV 2007	IV 2008	IV 2007	IV 2008
SEX AND AGE						
Total, 16 years & over	108,318	105,774	\$700	\$728	\$322	\$330
Men, 16 years & over	60,482	58,505	774	807	356	366
16-24	6,150	5,487	459	462	211	209
25 & over	54,332	53,018	831	859	382	389
Women, 16 years & over	47,835	47,269	618	650	284	295
16-24	4,744	4,392	421	449	194	203
25 & over	43,091	42,877	649	679	298	308

Source: www.bls.gov

2. Current Statistics II

- *Montana Average Monthly Earnings by Gender*

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Year/Quarter	Female	Male
2007 Quarter 1	\$2,107	\$3,363
2007 Quarter 2	\$2,231	\$3,429
2007 Quarter 3	\$2,083	\$3,461
2007 Quarter 4	\$2,278	\$3,774
2008 Quarter 1	\$2,232	\$3,528

Source: U.S. Census Bureau, Local Employment Dynamics

Compiled by Census and Economic Center, Montana Department of Commerce

2. Current Statistics II

- *MT & US % pay difference in current \$*

Age		Female % of Male Pay 2007- I	Female % of Male Pay 2007-II	Female % of Male Pay 2007-III	Female % of Male Pay 2007-IV	Female % of Male Pay 2008-I	Female % of Male Pay 2008-IV
US	All Ages				88%		89%
US	16+				80%		81%
US	16-24				92%		97%
US	25 & older				78%		79%
MT	All Ages	63%	63%	60%	60%	63%	

3. Discussion

- Gender Pay Gap continues
 - If a key is raising awareness of pay inequity, then we need pay information - particularly at the local level.
 - Are traditional causes of pay gap an issue in Montana?
 - EG: Level of education, experience, job tenure?
 - Intermittency of employment/choice of flexible work situations to attend to family and children?
 - Occupational Gender Segregation: women are attracted to traditionally “female jobs” which are lower paying.
 - Gender Discrimination? The current trend indicates increased incidents of reported sex discrimination & retaliatory firings.
 - Statistical issues? Is the gap exaggerated?

4. Recommendations I

- *Employee Perspective*

- Before you take a job, do your homework.
 - Find out what industry averages are for this job across the US & in Montana.
- Develop diverse professional network.
- “First you have to ask”
(article in *Negotiation*, January 2004)
 - Women initiate negotiations far less than men resulting in pay differences & lost career opportunities.
 - For example: if a man negotiates to raise his salary offer to \$111,000 and a woman accepts the \$100,000 without trying to get more...
 - With identical 3% raises for the rest of their careers, by the time they retire at 65, the difference between annual salaries will have grown to \$30,953.



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4. Recommendations II

- *Organization Perspective*

- Review/Evaluate Pay Policy implementation & examine gender.
- Check your pay against industry, regional, & national averages
- 4 Steps to Achieve Pay Equity (*Quebec Pay Equity Commission*):
 - the identification of predominantly female & male job classes;
 - the selection of the job class evaluation method & tools & the evaluation procedure based on the following four dimensions:
 - a. Qualifications required;
 - b. Responsibilities assumed;
 - c. Effort required
 - d. Working conditions
 - the evaluation & comparison of job classes, an estimate of differences in compensation & the calculation of adjustments in compensation;
 - the terms & conditions of payment of compensation adjustments.

Resources

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- Quebec Pay Equity Commission website:
<http://pec.mcgill.ca/>
- Bureau of Labor Statistics *Pay & Benefits Link*:
<http://www.bls.gov/bls/wages.htm>
- Montana Department of Labor & Industry *Current Employment Statistics*:
<http://www.ourfactsyourfuture.org/?PAGEID=67&SUBID=155>
- Montana SHRM
<http://montana.shrm.org/webmodules/webarticlesnew/templates/?a=6&z=4>
- Gallatin Valley Human Resources Association
www.gvhra.shrm.org
- Bozeman Chamber of Commerce:
www.bozemanchamber.com



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**Thanks for your attention!
Questions?**

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