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State liberalism, female supervisors, and the gender wage gap

David J. Maume [a,*], Leah Ruppanner [b]

[a] Department of Sociology, University of Cincinnati, Cincinnati, OH, USA
[b] Department of Sociology and ARC Centre of Excellence for Children and Families over the Life Course, University of Melbourne, Melbourne, Australia

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ABSTRACT

Whereas some are concerned that the gender revolution has stalled, others note the rapid increase in women's representation in the ranks of management, and the reduction of wage inequality in larger and more active welfare states. Although these latter trends portend an attenuation of gender inequality, their effects on the gender pay gap in the U.S. are understudied due to data limitations, or to the assumption that in the U.S. pay is determined by market forces. In this study we extend research on the determinants of the gender wage gap by examining sex-of-supervisor effects on subordinates' pay, and to what degree the state's commitment to equality conditions this relationship. We pooled the 1997 and 2002 *National Study of the Changing Workforce* surveys to estimate hierarchical models of reporting to a female supervisor and wages, with theoretically important predictors at the individual level, and at the state of residence (an index composed of women's share of legislators, a measure of the liberal leanings of the state, and the size of the public sector relative to the labor force). We found that state effects on pay were mixed, with pay generally rising with state liberalism on the one hand. On the other hand, working for a female boss significantly reduced wages. We discussed the theoretical implications of our results, as well as the need for further study of the career effects on subordinates as women increasingly enter the ranks of management.

0. Introduction

Despite concerns that the gender revolution has stalled (Cotter et al., 2004; England, 2010), two trends show continued progress toward gender equality. The first is women's representation in the ranks of management, rising from just over one-fifth in 1975 to nearly half by 2005 (Cohen et al., 2009:320). Although there has been much research on the organizational and environmental determinants of women's managerial attainment (see Reskin and McBrier, 2000; Stainback and Tomaskovic-Devey, 2009 for reviews), the extent to which women in power curtail gender inequality has drawn much less attention from researchers. A second trend shows that the gender wage gap declines in countries with larger and more progressive states (Mandel and Semyonov, 2005; Mandel and Shalev, 2009). Yet, because it is assumed that in the U.S. wages are determined largely by market, not political, forces (Esping-Andersen, 1990; O'Connor et al., 1999), little attempt has been made to examine the proposition that the gender wage gap varies across U.S. states.

In this paper, we link these two bodies of research to extend our understanding of the gender gap in pay. That is, we interrogate the effect of reporting to a female supervisor on pay inequality, and examine how the state's political climate conditions this relationship. From the rather sparse literature on this subject, we develop competing hypotheses about the impact

* Corresponding author at: Department of Sociology, ML378, University of Cincinnati, Cincinnati, OH 45221-0378, USA.
E-mail address: maumedj@ucmail.uc.edu (D.J. Maume).

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of female supervisors on the gender pay gap. One is that because liberal states empower more women, female supervisors in these states will reduce gender inequality in pay; an alternative hypothesis is that female supervisors will be associated with a larger gender pay gap, irrespective of the political context in which this association is observed. Using a representative sample of the U.S. labor force, we estimate a multi-level model of wages, in which the effects of being female, having a female supervisor, and their interaction are allowed to vary across the political environment of states. Our findings adjudicate between these two competing predictions of gender-of-supervisor effects on how the gender gap in subordinates' pay, and have wider implications for understanding the effects on inequality when women hold positions of power.

1. Background

1.1. Women in power will reduce gender inequality

Theories of economic inequality have long implicated men's dominance of authority positions as a mechanism for the recreation of gender inequality in the labor market. Because men prefer to work with other men, men in power will hire, assign tasks, evaluate, pay, and promote subordinates in ways that benefit men and disadvantage women (Kanter, 1977; Kaufman, 2010; Reskin, 1988; Roth, 2004). Thus, as women increasingly enter the ranks of management there is reason to expect a reduction in gender inequality. Not only do more women in power represent a dismantling of processes and structures that promote male advantage in the workplace, but female superiors will likewise invoke in-group preference when evaluating and rewarding female subordinates.

Theory and research in organizational behavior supports the proposition that female subordinates benefit when reporting to a female superior. First, female superiors can empathize with female subordinates who have experienced gender discrimination in their careers and are more likely to mentor female subordinates (Cardoso and Winter-Ember, 2010; Fagenson, 1993). In a meta-analysis of studies of women's distinctive leadership styles, Eagly and Carli (2003) found that compared with men, women leaders are more concerned with equity in the workplace and are more likely to promote the careers of their subordinates by sharing information, delegating responsibility, and providing resources. Studies also show that when female superiors provide more information, resources, and visible job assignments to their female subordinates, female subordinates earn higher pay relative to their male counterparts (Hultin and Szulkin, 2003; Tsui and O'Reilly, 1989).

Sociological research has shown that female managers promote equality by reducing gender segregation in subordinate job assignments (Huffman et al., 2010; Reskin et al., 1999; Stainback and Kwon, 2012), and some studies find a lower gender wage gap when more women are in power. In a sample of Portuguese firms, Cardoso and Winter-Ember (2010) reported a positive association between female-led firms and women's pay. In a sample of Swedish firms, Hultin and Szulkin (2003) estimated a two-level hierarchical linear model (workers employed in firms) and found smaller gender wage gaps among blue- and white-collar workers with proportionately more female supervisors and female managers, respectively. Using U.S. Census data, Cohen and Huffman (2007) estimated a three-level hierarchical model (individuals employed in occupations within local industries) and found that among non-managers the gender pay gap was higher in labor markets where managerial women were concentrated in low-status industries (e.g., retail, personal service industries), and lower where women managers were concentrated in high-status industries (e.g., finance, business services).

The above findings are suggestive rather than conclusive, however, because they were based on analyses of aggregated data that could not determine whether subordinates actually reported to a female supervisor.[1] This is important because the above studies also found that firms and labor markets with more female subordinates were more likely to have female supervisors, and everyone earned lower pay as a result. For example, although Cardoso and Winter-Ember (2010) found a positive effect on wages in female-led firms, they also found a negative effect on wages when firms employed more subordinate women, and the interaction of this covariate with female-led firms further reduced pay. Similarly, Cohen and Huffman's (2007) descriptive statistics showed that compared with their male counterparts, women managers tend to be located in lower-status industries, and male and female subordinates alike earned lower wages when they worked in industries with a concentration of low-status female managers. These findings are consistent with other studies showing that female managers are concentrated in low-wage industries that employ more women (Reskin and McBrier, 2000; Stainback and Tomaskovic-Devey, 2009).

1.2. Women supervisors are powerless to reduce gender inequality

More women in power does not necessarily portend gender equality if managerial women are powerless to alter organizational practices and rewards. Women's powerlessness may stem from their segregation into female-dominated and low-paying industries as mentioned above, but powerless may also result from within-firm allocation practices that channel women into devalued managerial slots within corporate job ladders or into lower- or mid-level supervisory positions.

Evidence for these managerial segregation processes can be found in historical studies of how firms accommodated women in management. In the 1960s, firms complied with political demands for equality by creating human resource

[1] Cardoso and Winter-Ember (2010) could identify the sex of owner-operated businesses in only one-sixth of the firms in their sample; for the remainder, a female-led firm had a majority of female managers.