



Unequal on top: Gender profiling and the income gap among high earner male and female professionals [☆]



Jennifer Merluzzi ^a, Stanislav D. Dobrev ^{b,*}

^a Management, Tulane University, A.B. Freeman School of Business, 7 McAlister Drive, New Orleans, LA, 70118, United States

^b Management, University of Wisconsin, Milwaukee, Sheldon B. Lubar School of Business, 3202 N. Maryland Ave., Milwaukee, WI 53211, United States

ARTICLE INFO

Article history:

Received 22 September 2014

Revised 17 April 2015

Accepted 28 April 2015

Available online 14 May 2015

Keywords:

Career studies

Gender earnings gap

Income inequality

ABSTRACT

We develop a comprehensive, multi-level model of income inequality between high earner men and women during the early career stages. We argue that young women are routinely subjected to “gender profiling” by employers—women’s potential contribution to the organization is interpreted through the lens of social stereotypes and cultural norms that attribute to them weaker labor market commitment than men. We investigate two specific mechanisms that arise from this profiling and lead to income inequality: First, women have diminished access to resources and advancement opportunities within the firm which results in lower returns to tenure for women than for men. Second, external mobility is greatly beneficial for men but much less so for women because it reinforces the image of weak commitment. Salary regressions of early career history data of young MBA alumni of a prestigious U.S. business school accord with our conjectures.

© 2015 Elsevier Inc. All rights reserved.

1. Introduction

In recent years, discussions of the rising income inequality and concentration of wealth have permeated the public discourse in the United States. Politicians, commentators and activists have decried the “squeeze on the middle class” and signaled the disproportionate burden that rising inequality inflicts on disadvantaged groups like minorities and single mothers. As the public debate about the social split between ‘haves’ and ‘have-nots’ gains prominence and escalates politically, there seems to be little interest in considering the objective and important social and economic differences among members of the top earner category. Certainly, no member of the economic elite can be considered disadvantaged but that does not render any potential bias or prejudice that segregates members of the top earner category unimportant. On the contrary, understanding the similarities and differences in the mechanisms that drive inequality across the different social strata may be the only way to devise effective social policy that offers redress to the downsides of income inequality.

Challenging the implicit assumption that high-income earners constitute a uniform social category, we focus on one disparagingly persistent mechanism for rising social inequality—the unequal compensation of men and women in the labor market—and set out to investigate if income differences between men and women are muted in the population of high earners. What is different about our analysis is that we deliberately focus on the income dynamics among a very privileged social

[☆] This research was supported by the A.B. Freeman School of Business at Tulane University and by the Manegold Fund at the Lubar School of Business at the University of Wisconsin, Milwaukee. We appreciate the helpful comments of audiences at the ASA Meeting, the AOM Meeting, and of the SSR editor and reviewers. All remaining flaws are our own.

* Corresponding author.

E-mail addresses: jmerluzzi@tulane.edu (J. Merluzzi), dobrev@uwm.edu (S.D. Dobrev).

group. We study the early careers of MBA graduates from a highly reputed business school, consistently ranked among the top five in the U.S. Upon graduation from business school, the starting salaries of these individuals put them in the top 2% of the income distribution. But what, if any, are the differences in salaries earned by these men and women?

There is much theoretical motivation to address this question empirically. Although the disparity between the genders has been slowly improving (Baker, 1996; Blau and Kahn, 2000; Campbell and Pearlman, 2013; Hakim, 1996; Morgan, 1998; Reynolds and Wenger, 2012; Stroh et al., 1992), an abundance of evidence suggests that women's earnings still significantly lag behind men's, even when men and women share similar backgrounds and job characteristics (Catalyst, 2010; Bertrand et al., 2009; Manning and Swaffield, 2008; Roth, 2003; Sami, 2009). A popular explanation of the fact that women's wages are lower than men's even for the same jobs is that these facts emerge out of "apple to oranges" comparisons. Women earn less, the argument goes, either because they choose jobs in industries or sectors where lower wages are dictated by industry economics, or because they tend to be under-represented in managerial jobs (sex segregation theory, cf., Petersen and Morgan, 1995; Reskin, 1993; Tomaskovic-Devey and Skaggs, 2002). In other words, when men and women occupy equal positions across different industries, it is the industry effect that accounts for women's lower wages. And when men and women within the same industry are not compensated on par, it is because women occupy lower-tier, non-managerial positions (glass ceiling effects, cf., Bertrand and Hallock, 2001; Gorman and Kmec, 2009; Kalev, 2009). If these accounts hold true, then we should not observe income disparities in "apples to apples" comparisons between men and women with continuous careers. Below, we offer an empirical test of this proposition and motivate our skepticism of the "null effect" theoretically.

2. Theory background

Much prior research has looked at the pay differences between the sexes: studies have examined the gender-varied returns to tenure (e.g., Baxter and Wright, 2000; Petersen and Saporta, 2004), to inter-firm mobility (e.g., Fuller, 2008; Light, 2005; Loprest, 1992), or to both tenure and mobility (e.g., Brett and Stroh, 1997; Felmler, 1982; Gorman and Kmec, 2009). Yet, the available evidence demonstrating how earnings vary between men and women based on tenure and mobility differences is inconclusive, with some pointing to a mobility penalty for women (Brett and Stroh, 1997; Loprest, 1992) which others failed to uncover (Maume, 1999; Keith and McWilliams, 1999).

The integrative multi-level approach we advocate and employ here allows us to focus on the specific mechanisms by which the income gap between high-paid men and women comes about. We conjecture that employers make rational judgments about investing and developing their human resources (Light and Ureta, 1992) and these judgments are guided by social stereotypes and cultural norms about women's role in society as caretakers, nurturers, and child-bearers (Cuddy et al., 2004; Elssesser and Lever, 2011; Heilman and Okimoto, 2007; Gupta, 2006; Jordan and Zitek, 2012; Ridgeway and Correll, 2004). Such "gender profiling" reduces the returns to women's commitment to an employer (i.e., internal, within-firm mobility) by systematically denying the same professional development opportunities to women that are availed to men. It also decreases the rewards for gaining experience through employment in multiple organizations (i.e., external, across-firm mobility) by prompting interpretations of women's inter-firm mobility as reinforcing the stereotype of the uncommitted female employee.

By focusing on career advancement within and between firms, our theory also explicitly allows for the organization to be implicated in the process by which the gender income gap is produced. While prior studies have demonstrated the presence of an income penalty for women that is cumulative over their labor market histories, these studies have used unstructured industry contexts where work is project-based and work experience is not embedded in organizational structures (Bielby and Bielby, 1996; Fernandez-Mateo, 2009). Complementing this approach, we tie in our theoretical suppositions to the two dominant patterns of structured career progression within and between organizations. By comparing the differential impact of internal and external mobility on the incomes of high earner men and women following continuous, uninterrupted careers, we inform the debate between two competing perspectives—that income inequality is simply a by-product of women's lower commitment to the workforce (Bertrand et al., 2009; Hom et al., 2008), or that it reflects a persistent gender bias, even at the level of highly placed professional employees (Cocchiara et al., 2010; Gorman and Kmec, 2009; Stroh et al., 1992).

We test our theory on a rich dataset containing the entire sequence of jobs held by MBA alumni of a well-reputed U.S. business school up to the first decade after graduation from business school. Focusing on this privileged segment of the labor market allows us to evaluate the anecdotal conjecture that gender biases are confined to lower-level jobs and that the path to eliminating sex discrimination rests with placing more women in managerial positions (Sandberg, 2013; Killewald and Bearak, 2014; Budig and Hodges, 2014).

There are other reasons to focus on analyzing the early careers of young professionals. First, at the point of business school graduation, men and women are as 'equal' as they could be in terms of employer appeal based on qualifications and experience (Castilla, 2008; Cocchiara et al., 2010; Schmeer and Reitman, 1990). Second, much career mobility occurs in the early stages, often sorting individuals into 'movers' and 'stayers', and setting a course for the remainder of one's career trajectory (Dobrev, 2005; Farber, 1994; Fuller, 2008; Gardecki and Neumark, 1998; Veiga, 1983). Third, stereotypes raising expectations that women will eventually exit the labor force for family reasons are most likely against relatively young women at risk of motherhood (Lyneess and Judiesch, 2001; Sandberg, 2013; Turco, 2010). Further, young professionals at the onset

Download English Version:

<https://daneshyari.com/en/article/955654>

Download Persian Version:

<https://daneshyari.com/article/955654>

[Daneshyari.com](https://daneshyari.com)