

Implicit Bias and Wage Inequality

Prepared by the Senate Office of Research

April 18, 2017

What is Implicit Bias?

Implicit bias involves “attitudes or stereotypes that affect our understanding, actions, and decisions in an unconscious manner.”¹ According to a body of scholarly research, the unconscious attitudes we hold about other people often are based on categories such as race, gender, age, or ethnicity. Studies suggest that implicit bias is pervasive, not necessarily in line with our declared beliefs, developed early in life, and not fixed.² Further, implicit bias is expressed at both an individual and institutional level. Institutional bias has been studied in education, employment, and criminal justice contexts, and it may present itself in an organization’s policies and procedures. In the employment context, some argue that gender bias influences pay practices and has contributed to a significant gap in what women and men are paid.

What is the Gender Pay Gap?

The gender pay gap measures what women are paid relative to men. It can be measured as a median earnings ratio between men and women or as an actual gap in median earnings. Median earnings generally are reported annually or on a weekly basis. Median earnings are determined by identifying the “middle” salary of the salary set.

In the United States, as of 2015, women’s median earnings were approximately \$40, 700, compared with \$51, 200 for men.³ This translates to women making 80 cents for every dollar earned by men. In California, the gap is somewhat less, with women making 84 cents on the dollar.⁴ The gap persists regardless of a woman’s education level. In terms of tangible income, women are losing a little more than \$8,000 annually to the pay gap. A study of U.S. Census Bureau pay data reveals that California’s gender pay gap in 2014 amounted to \$39 billion in lost wages for women.⁵

¹ Kirwan Institute for the Study of Race and Ethnicity, “Understanding Implicit Bias,” Ohio State University, 2015, <http://kirwaninstitute.osu.edu/research/understanding-implicit-bias/>.

² Ibid.

³ American Association of University Women, “Simple Truth About the Gender Pay Gap,” Spring 2017, p. 4.

⁴ National Partnership for Women and Families, “California Women and the Wage Gap,” fact sheet, April 2016, p. 1, <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2016-ca-wage-gap.pdf>.

⁵ U.S. Census Bureau, American Community Survey One-Year Estimates 2014: Geographies: All States Within United States and Puerto Rico, 2015.

Where are the Greatest Disparities?

Women of color experience a larger gender pay gap relative to white women. Nationally, African American women are paid 60 cents to every dollar earned by white non-Hispanic men.⁶ In California, they fare slightly better, earning 63 cents to the dollar.⁷ Among women of color, Latinas experience the worst pay gap, making 55 cents on the dollar nationally and a meager 43 cents on the dollar in California.⁸ Conversely, white non-Hispanic women experience a gap nationally of 81 cents on the dollar.⁹

As working women age, they experience a larger pay gap. On average, women begin their careers earning 90 percent of what men earn.¹⁰ By the time they reach age 55, women are paid only 74 percent of what their male counterparts are paid.¹¹ This trend can be problematic as women enter retirement. Studies have found that the gender pay gap is one factor that lowers women's retirement income relative to men.¹² Lower lifetime earnings can translate to lower Social Security benefits, savings, and defined contribution balances. As a result, women's average annual retirement income is a paltry \$18,000, compared with \$31,000 for men.¹³ This income level places the majority of women 65 or older below the supplemental measure for poverty (defining poverty as the lack of economic resources for consumption of basic needs such as food, housing, clothing, and utilities).

⁶ U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement: Table PINC-05: Work Experience in 2014—People 15 Years Old and Over by Total Money Earnings in 2014, Age, Race, Hispanic Origin, and Sex, 2015.

⁷ U.S. Census Bureau, American Community Survey Five-Year Estimates 2010–14: Geographies: All States Within United States and Puerto Rico, 2015.

⁸ Ibid.; U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement: Table PINC-05: Work Experience in 2014—People 15 Years Old and Over by Total Money Earnings in 2014, Age, Race, Hispanic Origin, and Sex, 2015.

⁹ Economic Policy Institute, "What is the Gender Pay Gap and is it Real? The Complete Guide to How Women are Paid Less Than Men, and Why it Can't be Explained Away," October 20, 2016, <http://www.epi.org/files/pdf/112962.pdf>.

¹⁰ American Association of University Women, "Simple Truth About the Gender Pay Gap," Spring 2017, p. 12, <http://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>.

¹¹ Ibid.

¹² Other factors contributing to lower retirement income include women's time away from work for childbirth, care-taking, and participation in the part-time workforce. See Economic Policy Institute, "What is the Gender Pay Gap and is it Real? The Complete Guide to How Women are Paid Less Than Men, and Why it Can't be Explained Away," October 20, 2016, <http://www.epi.org/files/pdf/112962.pdf>.

¹³ Pension Rights Center, "Get the Facts: Income Received by Different Groups," 2015, <http://www.pensionrights.org/publications/statistic/income-received-different-groups>.

Working mothers earn less than both working fathers and women without children.¹⁴ Researchers call this the “motherhood penalty.” The penalty, even when controlling for education and experience, translates to nearly 5 percent less pay for women with children, compared to those without.¹⁵ Thus, working mothers experience a double bind when it comes to compensation.

The gender pay gap cuts across both occupations and industries. In some occupations and industries, the gender pay gap is particularly profound. Interestingly, the largest pay gap generally is found in the highest-paid occupations. For example, the gender pay gap for personal financial advisors is 39 percent, and for physicians, 38 percent.¹⁶ In terms of industry, the gap appears widest for women working in health care and social assistance, at 29 percent, followed by manufacturing at 25 percent.¹⁷

What Explains the Pay Gap?

Researchers have identified a number of factors they believe explain the gender pay gap. They generally agree that a significant factor is the persistence of gender-based occupational and industry segregation. One study, in fact, found occupational segregation to be the single largest factor accounting for the pay gap.¹⁸ Work segregation means certain industries and jobs are characterized as female- or male-dominated. For example, three in four workers in education and health services are women, nine in 10 workers in the construction industry are men, and seven out of 10 in the field of computer programming are men.¹⁹ Among occupations, women make up 80 percent of all secretaries, teachers, and home health aides.²⁰ Gender segregation contributes to the pay gap because both

¹⁴ Economic Policy Institute, “What is the Gender Pay Gap and is it Real? The Complete Guide to How Women are Paid Less Than Men, and Why it Can’t be Explained Away,” October 20, 2016, <http://www.epi.org/files/pdf/112962.pdf>.

¹⁵ Michelle J. Budig, “Fatherhood Bonus and the Motherhood Penalty: Parenthood and the Gender Gap in Pay,” 2014, http://s3.amazonaws.com/content.thirdway.org/publishing/attachments/files/000/000/198/NEXT - Fatherhood_Motherhood.pdf?1412698808.

¹⁶ Council of Economic Advisers, Executive Office of the President, “Gender Pay Gap on the Anniversary of the Lilly Ledbetter Fair Pay Act,” issue brief, January 2016, p.3.

¹⁷ National Partnership for Women and Families, “California Women and the Wage Gap,” fact sheet, April 2016, p. 2, <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2016-ca-wage-gap.pdf>.

¹⁸ Francine Blau and L. M. Kahn, “Gender Pay Gap: Extent, Trends, and Explanations,” January 2016.

¹⁹ Institute for Women’s Policy Research, “Occupational Segregation and the Gender Pay Gap: A Job Half Done,” paper series celebrating the 50th Anniversary of American Women: Report of the President’s Commission on the Status of Women, January 2014, p. 92, 96.

²⁰ Ibid.

historically and presently, female-dominated work pays less overall than male-dominated work.²¹

Some researchers maintain that predominately female occupations pay less, in part, because of gendered cultural beliefs that women's work is less valuable. According to this theory, engrained assumptions that men are more status-worthy and competent may lead employers to pay women less and hire them into lower-wage positions.²² Market forces also may create pay disparities by assigning a lower value to women's work. A compelling study of 50 years of U.S. workforce data found that when an influx of women enter a previously male-dominated profession, average wages for the occupation decrease.²³

A number of studies contend that occupational segregation based on gender is in part a result of women "choosing" lower-paying occupations because of cultural norms and gender bias that steer them into female-dominated professions.²⁴ Personal choice and particular skills and abilities also can play a role in career selection. Gender bias research focuses on the impact of women's college major choice on career choice and explores the societal pressures influencing college major choice. The research reveals that women overwhelmingly major and graduate in education, psychology, and social work, while men favor engineering, a field with much higher earning potential.²⁵ In particular, researchers have studied how gendered expectations about women's non-suitability for science and math careers influence their educational, and ultimately, professional choices.²⁶

Other research highlights women's overall approach to salary negotiations as contributing to the gender pay gap. These studies found women often do not attempt to negotiate their

²¹ Economic Policy Institute, "What is the Gender Pay Gap and is it Real? The Complete Guide to How Women are Paid Less Than Men, and Why it Can't be Explained Away," October 20, 2016, <http://www.epi.org/files/pdf/112962.pdf>; Asaf Levanon, P. England, and P. Allison, "Occupational Feminization and Pay: Assessing Causal Dynamics Using 1950–2000 U.S. Census Data," *Journal of Social Forces*, vol. 88, no. 2, December 2009, p. 865–892.

²² Cecelia Ridgeway and P. England, "Sociological Approaches to Sex Discrimination in Employment, Sex Discrimination in the Workplace" (2007), p. 189–212.

²³ Asaf Levanon, P. England, and P. Allison, "Occupational Feminization and Pay: Assessing Causal Dynamics Using 1950–2000 U.S. Census Data," *Journal of Social Forces*, vol. 88, no. 2, December 2009, p. 865–892.

²⁴ Economic Policy Institute, "Women's Work and the Gender Pay Gap," July 20, 2016, p. 2.

²⁵ Anthony P. Carnevale and N. Smith, "Women, Jobs and Opportunity in the 21st Century," paper series celebrating the 50th Anniversary of American Women: Report of the President's Commission on the Status of Women, 2014, p. 40-41.

²⁶ Economic Policy Institute, "Women's Work and the Gender Pay Gap," July 20, 2016, p. 5; Catherine Hill and E. Prangley, "Policy, Education, and Social Change: 50 Years of Progress," paper series celebrating the 50th Anniversary of American Women: Report of the President's Commission on the Status of Women, 2014, p. 231–32.

salary, or when they do, women ask for less compensation than their male counterparts.²⁷ A 2016 study conducted by Hired.com, an online employee recruitment platform, found that nationally, women ask for \$14,000 less in compensation than men.²⁸ A number of other studies show women also are likely to be offered lower salaries than men. In one laboratory experiment, science professors reviewing identical résumés of a female and male applicant for a lab manager position offered the male applicant \$4,000 more on average, also judging him more competent and hireable.²⁹

Researchers also look at women's work characteristics for explanations for the pay gap. Women are more likely than men to work part time, which contributes to lower rates of pay. One study found women are twice as likely to work part time as men.³⁰ In addition, the likelihood that women will take time off during their career for childbirth, child-rearing, and care-taking of family members serves to lower their pay.³¹ In particular, mothers may experience a wage penalty for their time away from work in multiple ways, including lost wages, a lack of promotional opportunities, and decreased hiring potential.³²

Questions to Consider

- To what extent have you encountered gender bias in the workplace?
- Who or what influenced your career choices?
- Did you negotiate your first salary?
- What do you believe accounts for the gender pay gap?
- What additional laws/policies could the Legislature enact to help close the gender pay gap?

—Prepared by Megan Lane

²⁷ Council of Economic Advisers, Executive Office of the President, "Gender Pay Gap on the Anniversary of the Lilly Ledbetter Fair Pay Act," issue brief, January 2016, p. 4.

²⁸ Natalie Kitroeff, "Gender Pay Gap: In California, It Adds Up to \$39 Billion," *Los Angeles Times*, April 12, 2016.

²⁹ Corrine A. Moss-Racusin, J. Dovidio, and V. Brescoll et al., "Science Faculty's Subtle Gender Biases Favor Male Students," *Proceedings of the National Academy of Sciences of the United States of America*, August 2012.

³⁰ Lonnie Golden, "Still Falling Short on Hours and Pay: Part-Time Work Becoming New Normal," Economic Policy Institute, 2016.

³¹ Economic Policy Institute, "What is the Gender Pay Gap and is it Real? The Complete Guide to How Women are Paid Less Than Men, and Why it Can't be Explained Away," October 20, 2016, p. 4, <http://www.epi.org/files/pdf/112962.pdf>; American Association of University Women, "Simple Truth About the Gender Pay Gap," Spring 2017, p. 19; National Women's Law Center, "Wage Gap: Who, How, Why, and What to Do," fact sheet, September 2016.

³² National Women's Law Center, "Wage Gap: Who, How, Why, and What to Do," fact sheet, September 2016; Michelle J. Budig, "Fatherhood Bonus and the Motherhood Penalty: Parenthood and the Gender Gap in Pay," 2014, http://s3.amazonaws.com/content.thirdway.org/publishing/attachments/files/000/000/198/NEXT_-_Fatherhood_Motherhood.pdf?1412698808.