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# GENDER DIFFERENCES IN SALARY EXPECTATIONS WHEN CURRENT SALARY INFORMATION IS PROVIDED

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It was hypothesized that current gender differences in salary expectations arise from women's lack of accurate salary information. Current salary information was provided for a sample of upcoming university graduates. Contrary to expectations, large gender differences in salary expectations continued in spite of subjects' knowledge of current salary data. Alternative explanations are discussed.

Recent work by Major, Vanderslice, and McFarlin (1984) indicates that given identical applicant qualifications, the higher the salary requested by an applicant, the higher the salary offered by a potential employer. Since gender differences in pay expectations have been found to exist among today's college-educated business student (Major & Konar, 1984), the implications for students entering the workforce have important consequences. If women enter the workforce and make significantly less money than their male counterparts because they expected and requested less, one should not be surprised to find even greater differences in salaries at a later point in time. Many yearly salary adjustments are calculated as a percentage increase, thus the initial salary gap simply widens over time.

Several areas of research offer possible explanations and insights into women's lower salary expectations. The areas of achievement expectations (Feather & Simon, 1971, Lenney, 1977, 1981, McMahan, 1982), salary information search (Major & Forcey, 1985), and feelings of equity (Callahan-Levy & Messé, 1979) all suggest interesting options for explaining sex differences in salary expectations.

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With such long-term consequences of initial salary expectations, it is important to begin systematically investigating why women have lower initial salary expectations than men

Major and Konar (1984) investigated the specific issue of salary expectations among university students and concluded that gender differences in career paths, comparison standards, and values for various job outcomes did explain some of the variance in gender differences in pay expectations. They offered several alternative explanations to explain gender differences in salary expectations. The first alternative was career choice, which suggested that since men overall obtain higher levels of education and select higher paying jobs than women, this may lead to the reported differences in salary expectations. The second explanation proposed differences in objective and perceived job inputs. A widely held belief is that women are less competent and perform more poorly on the job than men. In addition, women's perceptions of their work inputs may be lower than men's. A third alternative suggests the importance of perceived value of job outcomes where the importance placed on various work outcomes such as money is suggested to be potentially useful in explaining sex differences in pay expectations. The fourth alternative offered concerns social comparisons, suggesting that men and women may use different reference groups for comparisons. The last proposal, centering on the level of salary information, suggests that there are gender differences in women's and men's perceptions of the salary of others in their field and that these differences may be important in understanding gender differences in pay expectations. In addition, women may have a different level of exposure to pay information than men.

The hypothesis that gender differences in knowledge of current salary levels accounts for gender differences in pay expectations appears reasonable, especially in career fields that have long been dominated by men. If women actually experience a dearth of salary information, then a gender difference would exist based upon women's salary information deprivation. While the above mentioned research—including achievement motivation, information search, attribution theory, and equity theory—offers interesting and plausible alternatives for understanding this phenomenon, the most parsimonious approach for understanding gender differences in salary expectations would be to investigate the least complex alternative first. If women are actually less aware of salary levels in their career field than men, then the reported differences in pay expectations are a function of knowledge more than the underlying psychological processes identified above. Thus, it is the intent of the current research to investigate one alternative offered by Major and Konar (1984). It is hypothesized that there should be no gender difference between men and women in their pay expectations, when men and women are equally provided with current and accurate salary information.

## METHOD

### Subjects

Two hundred ninety-seven seniors enrolled in the Division of Business and Economics at a mid-size midwestern university were mailed questionnaires. One hundred twelve completed questionnaires were returned. To test the hypothesis that our sample proportions of males and females were equal to that of the population, two  $z$  tests were computed (Guilford, 1965). The  $z$  test for both males and females failed to reject the null hypothesis that the proportion of males to females in the sample equaled that proportion of males to females in the population (males,  $z = .88$ , females,  $z = .81$ ). Thus our sample appears representative regarding sex of respondents. The average age was 22.3 years, while the age range among respondents was 20–24 years. Of the 112 respondents, 94 were used in the following analysis. Of the 112 respondents, 18 indicated they were currently employed in their chosen field, thus they were eliminated from further analysis. The final sample consisted of 51 males and 43 females.

### Procedure

A four-part questionnaire was administered to the sample. The first section requested information regarding the specialty area in which the respondent was majoring (e.g., accounting, business administration, finance/economics, personnel/employee relations, marketing and distribution). The second factor, work preparedness, was assessed using one Likert-type question asking how well the subjects felt their background and training had prepared them for the work to be done in their field of interest. Responses were indicated on a (1) *not at all well prepared* to (7) *extremely well prepared* scale. Following preparedness, the questionnaire contained a table with information provided by the National College Placement Council (1985) on (a) salary range of job offers from July 1984 to January 1985, and (b) the average January 1985 salary offer for each of the specialty areas (Table 1). Immediately after the table, subjects were asked "How much money do you expect to earn your first year working full time" (in today's dollars)? The final section measured the importance placed on ten job outcomes: friendly and cooperative co-workers, friendly and cooperative supervisors, a high salary, good promotional opportunity, the chance to make important decisions, job security, interest in the work itself, frequent feedback about performance, high status, and importance of the work itself. Each of these were rated on a graphic rating scale from (1) *not at all important* to (7) *extremely important*.

**Table 1**  
Gender differences in mean salary expectations and predicted moderators

	<i>M Men (n)<sup>a</sup></i> <i>SD</i>	<i>M Women (n)</i> <i>SD</i>	<i>F<sup>b</sup></i>
<i>Entry Pay Expectations</i>	\$18,203(51) 2,937 85	\$16,607(43) 2,643 75	7 78
<i>Specialty Area and Salary Information Provided</i>			
Accounting (\$17-22 5, <i>M</i> =\$19,908) <sup>a</sup>	\$20,500(2) 2,829 43	\$16,833(6) 2,695 68	
Business administration (\$12 7-24 3, <i>M</i> =\$18,624)	\$17,913(30) 2,651 19	\$17,464(15) 3,081 32	
Finance/Economics (\$15-24, <i>M</i> =\$19,400)	\$17,777(9) 3,355 14	\$15,583(6) 1,625 32	
Personnel (\$12 9-29 1, <i>M</i> =19,244)	\$21,000(3) 3,605 55	\$15,900(10) 2,654 14	
Marketing (\$14 5-22 5, <i>M</i> =\$18,384)	\$18,142(7) 3,291 40	\$16,583(6) 2,332 74	
<i>Job Facet Importance</i>			
Friendly supervisors	5 73 1 02	6 45 77	14 47***
Interesting work	6 25 1 16	6 65 57	4 14*
Frequent feedback	5 47 1 00	6 12 1 07	9 03**
Friendly coworkers	5 84 1 11	6 23 90	3 38
High salary	4 88 97	4 88 1 30	
Good promotional opportunities	5 78 1 01	6 16 1 04	3 17
Chance to make decisions	5 75 1 02	5 51 1 08	1 17
Job security	5 76 1 34	6 02 1 01	1 09
High status	4 65 1 34	4 70 1 19	04
Importance of the work	5 78 97	6 00 95	1 18
<i>Work Preparedness</i>	4 82 89	4 62 1 05	1 16

<sup>a</sup>Numbers in parentheses indicate salary ranges provided for subjects×1000 and the mean salary provided  
<sup>b</sup>Individual *F*s not computed due to small sample sizes

\*  $p \leq .05$

\*\*  $p \leq .01$

\*\*\*  $p \leq .001$

## RESULTS

It was hypothesized that after entry level pay information was provided no gender difference in initial pay expectations would exist. However, in spite of being provided with both average (mean) salary offers and the range of salary offers, women still expected to earn less money,  $F=7.78$ ,  $p < .01$  (Table 1). Comparing expectancies with the salary information provided reveals that men's expectancies were not significantly different from the mean salaries provided in any of the five specialty areas. Women's expectancies were significantly different from the mean in three of the five areas (accounting, finance/economic, and personnel). In addition, men's salary expectations were significantly different from women's salary expectations

in four of the five specialty areas (business administration was not significant)

### Mediators of Gender Differences in Pay Expectation

Several variables were investigated as potential mediators of gender differences in pay expectations. Significant gender differences were found for the level of importance placed on three job facets (friendly supervisors,  $F=14.47$ ,  $p < .001$ , interest in the work,  $F=4.14$ ,  $p < .03$ , and frequency of feedback,  $F=9.03$ ,  $p < .01$ ). Each of these facets was rated more important by females than by males. Feelings of work preparedness had no significant gender difference.

To examine more closely the relation of these variables to gender differences in pay expectations, a hierarchical multiple regression was performed. The intent of the analysis was to enter each variable sequentially and examine the relationship between gender and pay expectations at each step, thus trying to identify the major contributions of each variable to the gender difference.

In step 1, the  $B$  for sex and beta for sex indicate the degree of relationship between gender and entry pay expectations (Table 2). The  $B$  for sex indicates the dollar gap in pay expectancies between males and females when the indicated factors are controlled. The beta weight is the zero-order correlation between gender and pay expectations at step 1 and the partial correlation between gender and pay expectations in steps 2 and 3.  $F$  for sex is the significance of gender for predicting pay expectancies in step 1 and when the mediating factors are controlled in steps 2 and 3.

The results in Table 2 were surprising at first glance. When gender alone was entered into the equation the difference between males and females was \$1,593, with gender accounting for approximately 8% of the variance in pay expectations (.28<sup>2</sup>). At step 2 when specialty area was added, the  $B$  for gender increased to \$1,747, indicating the gap between men and women is larger when specialty is included. (Note that the five specialty areas were dummy coded, but that only the  $B$  for the entire subset is included.) This is verified again as the beta is  $-.31$ . Looking at step 3 a similar pattern continues. As subsequent variables are added, the gender difference widens. Each of these variables was acting as a suppressor variable in the relationship between gender and pay expectations (Cohen & Cohen, 1975). A correlation matrix for all of the variables indicated the only variable that was significantly related to entry pay expectations was gender,  $r = -.28$ . Each of the remaining mediators correlated with entry pay less than .08.

Yet looking at the relationship of the mediators with gender, one sees that in all but one case (finance/economics) there was a significant relationship between the mediators and gender. In spite of the zero correlation with pay expectancy, the mediators increased the variance accounted for in

**Table 2**  
Hierarchical multiple regression for pay expectations

<i>Step Variable Entered</i>	<i>B for Sex</i>	<i>Beta for Sex</i>	<i>F for Sex</i>	<i>Adjusted r<sup>2</sup></i>
<i>Entry Pay Expectations</i>				
1 Sex	-1593	- .28	6.84*	.07
2 Specialty area	-1747	- .31	7.11**	.04
3 Job facets	-1906	- .34	7.39**	.03
Multiple $r^2 =$ .13				
Adjusted $r^2 =$ .05				

\* $p \leq .05$

\*\* $p \leq .01$

pay expectancy by suppressing part of the variance in gender that is irrelevant to pay

## DISCUSSION

It was hypothesized that one reason for gender differences in salary expectations is women's lack of pertinent salary information. Thus, it was predicted that providing individuals with information regarding initial career pay offers would eliminate the gender difference in initial pay expectations. In spite of being provided with both the average (mean) salary offer and the range of salary offers, women in the current study expected to earn significantly less money than men overall and in four out of five specialty areas.

An important study with which to compare this set of results is the one by Major, McFarlin, and Gagnon (1984). In their study subjects performed a task after which they paid themselves based on one of four conditions. In the first three conditions the subjects were provided fictitious information indicating how much money previous subjects had paid themselves: Condition 1 previous males,  $M = 2.0$ , previous females,  $M = 2.0$ , condition 2 previous males,  $M = 2.5$ , previous females,  $M = 1.5$ , condition 3 previous males  $M = 1.5$ , previous females,  $M = 2.5$ . In condition 4 subjects received no information regarding prior subjects' self-payment. Results indicated that the only gender difference in self-payment that occurred was in the fourth condition (no salary information), in which females paid themselves significantly less money than did males. Only in the total absence of information did women expect to receive less money than men. In those conditions in which information on past payment was available, subjects appeared to have averaged the amount of money taken by men and women and paid themselves that average. In contrast, in the current study women were provided the combined average salaries of men and women, yet expected to earn less than that mean in three out of five groups.

Upon further analysis it appears that the two studies may not be conflicting. In Major et al's (1984) no-salary-data condition, men's self-pay was significantly related to what they thought males paid themselves and women's self-pay was significantly correlated with what they thought females paid themselves. This may suggest that subjects were paying themselves what they thought other same-sex people were paid. Work by Major and Forcey (1985) also suggests that men and women prefer same-sex salary data in searching for pay information. Major and Forcey found that, when given the option to view available salary information, 63% of their subjects ranked their preference for same-job same-sex information first. In the current study the salary data obtained by the author was not available separated by gender and consequently was not available for presentation by gender to the subjects. In the absence of salary data by gender, women may have relied on other salient information (e.g., women generally make less than men) and consequently anticipated pay equal to what they thought other women in their career fields received. Thus, women may have used the current salary range, but in the absence of same-sex data, they may have relied upon past information, obtained from female peers or mentors whose salaries have traditionally been lower than men's. This conclusion is further supported by the knowledge that all subjects did predict salaries within the provided range. If this is indeed what happened then it can be hypothesized that when providing salary information to women, one might need to indicate that the salaries offered did not differ for men and women.

Other research suggests that individual expectations surrounding one's work may be influenced by one's perceptions of various work-related structures. One alternative might be found in the research on achievement expectations (Feather & Simon, 1971; Lenney, 1977, 1981, McMahan, 1982, Stein, Pohly, & Mueller, 1971). Indeed, many studies have been reported which support the contention that women display lower self-confidence and have lower success expectations than men (Maccoby & Jacklin, 1974). However, Lenney (1977) argued that there are several situational variables that influence women's self-confidence. When these variables are considered, women's lower self-confidence in specific situations can be better understood. One critical situational variable appears to be the sex-linkage of the task. Stein et al. (1971) found that 6th-grade girls and boys had higher expectations for success on a task when told it was a "sex-appropriate task" than when it was presented as "sex-inappropriate." Using college students, McMahan (1982) found females had lower expectancies for success than males on male-linked tasks, but not on female-linked tasks. Thus, these studies might suggest that one look at the sex-appropriateness of the task when exploring sex differences in salary expectations. Perhaps in male-dominated career fields women feel less confident regarding their job success and adjust their salary expectations accordingly. In the current research female subjects may have perceived



their business fields as sex-inappropriate and consequently had lower expectancies for success than males, which they transferred to their own lower salary expectations. That may help explain why no gender difference for pay expectations were found in the field of business administration. Business administration has a higher percentage of women than the other four business fields. If the women in business administration felt they were in sex-appropriate fields one would expect them to expect success levels equal to men. This performance expectation may then have translated into pay expectations equal to that of their male counterparts.

A second situational variable suggested by Lenney (1977) was the availability of clear and unambiguous information regarding individual ability on a specific task. She suggested that women may indeed have a lower opinion of their own performance than men in the absence of clear feedback. A study by Feather and Simon (1971) reported no gender differences in students' confidence of passing additional anagram tests when clear indications of prior passing/failure were given. In addition, McMahan (1973) also used anagram tests for which he manipulated the difficulty to insure success/failure. Following each trial on which subjects knew they had correctly/incorrectly solved the anagram, subjects indicated their confidence for the next trial. In the presence of clear performance data, no gender differences in confidence were found. Lenney (1977) suggested that in the absence of performance feedback, women with performance equal to that of men often subjectively evaluate their own work lower than do men.

Thus, as college graduates enter their respective career fields both of these situational variables may influence the confidence they feel. Women who perceive themselves in a sex-inappropriate career field may have lower self-confidence than men entering the same field. In addition, since college graduates are generally entering their career fields for the first time and typically have no clear performance feedback on which to base performance expectations, women may have lower achievement expectations than men. Interestingly, in the current study women rated receiving frequent feedback on the job as more important than men. Consequently, the lower self-confidence due to both perceptions of being in a sex-inappropriate field and lack of clear performance feedback may operate to reduce women's salary expectations as they enter specific career fields.

A related approach is suggested in the work of Callahan-Levy and Messé (1979), who found that females paid themselves less than they paid others, both male and female. One suggestion offered by Callahan-Levy and Messé is that women experience a weaker sense of their own equity than men, which means that women accept as equitable, a situation in which they receive less money than someone else for the same performance. The women in the current study may have anticipated receiving less money for themselves than others in the same career field received. This explanation suggests that it is not a shortage of information that leads to women's lower expectations, but rather that they are forming expectations within a some-

what different framework from men. Women may not have internalized the strong connection between work and pay, perhaps because they conclude that women's pay is more influenced by factors other than performance (i.e., appearing nice or not greedy) or perhaps because they do not interpret money as the most important reward for performance.

One common assumption that was not supported in the current study is that men place a higher value on money than women do. Major and Konar (1984) asked a similar question to business students and did report a significant difference such that men placed a higher value on money than women did. One explanation for the difference in findings may be the nature of the subjects. Subjects in the current study were generally raised in rural areas with fairly traditional values and may have responded in a socially acceptable way when asked how highly they valued money.

In conclusion, it appears that supplying salary information to graduating students will not eliminate findings of a gender difference in salary expectations. Several alternative explanations have been offered. However, the work of Major and Forcey (1985) suggests that providing subjects with same-job, same-sex salary information may provide further understanding of this issue.

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