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A Human Capital Approach to Pay Disparity

A Dissertation Presented to the
Faculty of the Department of Management and Entrepreneurship,
Kellstadt Graduate School of Business
DePaul University
In Partial Fulfillment of the Requirements for the Degree of
Doctorate in Business Administration

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Biography

Kay Howell is a growth-oriented and strategic leader with twenty years of combined experience leading multinational teams, creating corporate compliance programs, and implementing innovative solutions to reduce costs, control risks, and increase revenues. Kay has a proven expertise in managing across functional and profit centers for numerous Fortune 500 companies, delivering enterprise wide process improvement results. Kay is a forward thinking and charismatic leader with strategic planning aptitude to surpass expectations and goals.

Kay believes in giving back to the community and frequently speaks to organizations to discuss the platform of community development, creating ideas on how to work with the local community to forge productive new paths. She is a committed leader who is Ready to Listen, Learn, and Lead with the people. As the Executive Director of the non-profit Patsy's Closet Foundation, Ms. Howell is ready to listen to the concerns of the community and then act. Kay created this research study to initiate action on the Pay Disparity issue and initiate the next steps on a model, mitigating a problem that affects almost half of the United States.

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Abstract

The pay disparity problem affects over half of the population in the United States, thereby affecting a large majority of American families. This study's objective was to examine whether the behavior of decision makers in an organization could be modified in ways that potentially would reshape the lives of many. The purpose of this research was to examine whether the attributes of a candidate's work experience and education would matter more to the decision maker in the workplace, than the decision maker and candidate's commonality of gender group membership. In addition, this study examined whether the existence of internal bias within the employment process was exhibited by female decision makers. There was significant evidence to suggest that when given the choice to select a candidate based on the theories of Social Identity and Human Capital, the decision makers (of both genders) selected a candidate based on Human Capital characteristics. In addition, analysis revealed that internal bias was not identified within this study. Surprisingly, both genders' employment decisions chose the female candidate for the Director of Marketing, more often than the male candidates. Implications of these findings for research, theory and practice on pay disparity are discussed.

Keywords: human capital theory, internal bias, pay disparity, pay inequality, social identity theory

Introduction

Pay disparity has existed over the last 150 years, ever since women entered the workforce (Kleinberg,1999). Looking over the past thirty years, research indicates that pay disparity has improved. In 1979, women made approximately 62% of men's salaries according to the Bureau of Labor Statistics (BLS). There has been steady growth in this area, so it is comprehensible why some researchers have indicated that there is no longer a problem in this area of research. However, according to the U.S. Census Bureau, the earnings ratio has not significantly changed over the past ten years. According to data from the 2017 Bureau of Labor Statistics, women were paid approximately 82% of men's salaries, no matter where the job was located in the United States. Research indicates that women are paid less than men whether they are in the C-Suite or in a position involving food service (Hegewisch, Phil., Williams-Baron, 2018). Subsequently, although there has been steady growth, there is still more work to be done.

There are many reasons researchers over the years have ascertained why women performing the same exact job/role in the workforce, make less than men. Most research appears to place both the problem and the solution of the pay disparity issue squarely on women's shoulders. In terms of the problem, some researchers indicate that "women disproportionately pay a penalty for working fewer hours or for taking time off from work" (Leith, 2014, p.2). Some researchers state that women usually have breaks in their career, in an effort to start a family, thereby lowering incentives for them to make human capital investments in themselves (Becker, 1985). The explanation of women's salaries being lower has even been broadly deliberated as being impacted by the kind of positions or business sectors that women choose. In terms of solutions, there have been numerous propositions over the last fifty years on what women should or could do to improve this challenge in the workplace. Some experts have

indicated that women are not skilled at negotiating salaries, subsequently suggesting they need to improve their negotiating skills (Exley, Niederle, and Vesterlund, 2016).

Unfortunately, it appears that many researchers have remained focused on what women can do, rather than on what organizational leaders can do to negate the possible gender bias that occurs during the salary decision making process. The question of why does pay disparity occur cannot be identified by only focusing on and changing the actions of women. The solution to pay disparity should also include the actions for the entity that controls the salary offer.

Gender stereotypes are prominently subjugated when an initial perception is formed of women. Women are thus placed at a disadvantage due to how they are perceived simply based on their gender group identity. “There is evidence that perceivers often are not cognizant of the impact of these automatically activated gender stereotypes on their impressions and influence. This bias most often results in companies’ salary offers being lower for this particular gender” (Heilman, 2012, p. 3).

In an attempt to address this concern, research modeled after the Bohnet Study (2016), purports to uncover evidence that the salary offer process can be positively affected by installing a mechanism that would impact the information used to make a salary decision. Bohnet et al. (2016) used a blind evaluation procedure addressing factors that have been identified as pay disparity drivers. The focus of the Bohnet et al. (2016) study was to offer a new model of evaluation for candidate assessment by addressing the evaluator’s behavior of information processing. Bohnet et al. (2016) noted that blind evaluation was successful in the increasing likelihood of women musicians being chosen for orchestras. Consequently, the experiment detailed that “gender stereotypes had a strong and significant impact on evaluator’s candidate

assessments even though gender was not correlated with task performance” (Bohnet et al., 2016, p. 1227).

In keeping with Bohnet et al.’s (2016) approach, this study was designed to increase our understanding of the forces that influence pay disparity by considering the effects of a human capital versus a social identity approach to making salary offer decisions. Therefore, this study sought to contribute to the literature by (1) examining a human capital approach to reduce the gender bias effect on salary offers and pay disparity, (2) investigating how social identity influences perceived gender bias thereby influencing salary offers resulting in pay disparity, and (3) researching whether gender differences exist with regard to in-group and out-group salary offers.

This study’s methodology included presenting resumes to survey participants to identify potential differences in salary offers when content focused solely on human capital components (e.g., skill set, experience, knowledge, and education) with no gender identifying information versus human capital content with gender identifiable information. This study also aimed to examine whether in-group members were likely to receive higher salary offers than out-group members when gender identifiable information was present.

It is proposed that decisions should be based on the economic value of the employee’s skill set, experience, knowledge, and/or education (i.e. human capital). This study will assist leaders in understanding the potential unintended/intended bias that occurs in organizations during the salary process and provides a model to assist in mitigating the process bias. The study also provides functional salary offer process changes and guidance that would serve as an effective model for companies to assist in the resolution of their internal pay disparity practices. This examination’s effect could theoretically impact a large cross section of the U.S. population,

since the population of women in the workforce will only increase as the country moves forward in the next five to ten years (U.S. Census Bureau).

In the next section, the issues associated with pay disparity are discussed. First, the application of the theoretical framework of human capital theory is provided as a model to assist in mitigating the process bias associated with salary offers. Next a description was created specifying how social identity theory is currently influencing the salary offer process through in-group and out-group bias, associated with gender group identification, thereby supporting pay disparity. The study's theoretical section is then followed by the methodology and results sections. Lastly, the research concludes with a discussion of the potential implications for research and practice related to salary offers and pay disparity.

Literature Review

The study of pay disparity is important because such inequality reflects a social injustice that impacts almost half of the U.S. workforce. In accordance with the Census data, over the course of a woman's career, she will have lost half a million dollars of wages compared to her male counterpart. The wage definition used in this study is defined by Sandberg (2016) as the following three functions simultaneously: the price for conducted work; the provision of a living for the worker; and the basis of societal understanding of the relative worth in the work conducted.

The unequal treatment of women in the workplace is not a new issue and has been analyzed by many researchers. After controlling for age and race, research indicates that almost every industry experiences pay inequality. Pay inequality has been described in the literature as being driven by key factors (Mandel & Semyonov, 2014). These factors include personal attributes, gender discrimination, social bias, labor supply, and gender occupational segregation

(Mandel & Semyonov, 2014). The examination of these key factors perspicuously demonstrate the underlying espousal of the negative effects on women's pay. Several of the factors are exemplified in the subsequent studies providing empirical evidence of the pay disparity phenomenon and demonstrate what transpires for women when each factor is present or experienced in the workplace.

Researchers have identified that the key factor of gender discrimination arises when the assessment of competency is affected by stereotypes, beliefs, or expectations. Bohnet (2016) asserts that as soon as the sex of the job candidate is known, the biases of the interviewer are automatically activated. The phenomenon of internal bias appears to have materialized in several studies and is identified as the result of behavior in a patriarchal society. Bias is sometimes invisible for each party involved in this behavior, i.e., the manager and the candidate. Although the invisible hand of bias is present, researchers acknowledge that "Gender discrimination now is so deeply embedded in organizational life as to be virtually indiscernible. Even the women who feel its impact are often hard pressed to know what hit them" (Cortina, 2008, p. 58).

This bias appears to be present in different aspects of the job involving the interview process as well as performance appraisal. An example of this can be found in a study performed by Heilman and Haynes (2005). The authors reported that the females in their study were devalued as compared to their male counterparts. The study's raters assessed women's work tasks and found that women were less adroit at work (Heilman & Hayes, 2005). The stereotype of women's adroitness combined with the perception that women do not perform at the same level as men cognitively, physically, nor with personality tasks, resulted in women's pay disparity (Heilman & Haynes, 2005). Furthermore, this bias appears to be present across the entire compensation package, including not only salary but also performance bonuses. In a 2008

study by Castilla, the salary progression for women was lower after the performance based system was introduced into the data models, revealing that when organizations implemented performance based systems, they introduced additional bias as well as a devaluing methodology.

Heilman and Haynes' (2005) research reveals that "women may not be able to escape the research of stereotype-based negative performance expectations in how they are evaluated" (p. 906). Understanding the detrimental evaluation effect on women in the workplace, provides perspicacity on the perception of women at work and the gender pay gap. There is a litany of research that supports the academic debate of gender bias existing in the salary process (Blau & Kahn, 2000; Gerber, 2011; Heilman, Hayes, 2005; Toutkoushian, 1998). Research has empirically identified "a related concept that captures the intertwining gender inequalities in formal wage determination" (Sandberg, 2016, p. 1). This research has uncovered that wage determination systems were gender based and the application of the systems were intertwined with gender inequalities.

Acker (1992) has further described how apparently neutral, bureaucratic pay systems may mask the gendered nature of the system and produce inequality. Companies' pay systems, which include bonus, performance evaluation, and salary decisions, were created for all employees and are not gender specific. The original purpose of companies' pay systems were tools of the manager utilized to determine compensation. "These neutral-appearing practices provide unwarranted, gender-neutral legitimacy by making gender-based differences in wages seem justified" (Sandberg, 2016, p. 14). In fact, gender bias within the job candidate's evaluation and salary process is demonstrated across multiple sectors (academia, government, and business).

In further supporting the concern surrounding pay inequality, Dattero et al. (2005) examined if equally qualified males received more compensation than their female counterparts

in the field of Information Technology (IT). The study explored how personal attributes, social bias, and gender discrimination impact the salary process by specifically analyzing the effects of human capital investment on income as well as systematic gender bias. The researchers discovered that although some women in the sample had more education than the men, “gender was still a statistically and practically significant factor in the assessment of salary in the IT field” (Dattero et al., 2005, p. 69). This study revealed that women, although very skilled in this field, made less than their male counterparts, which highlights the impact that attitudes and stereotypes can have on female employees’ position and salary, especially within the IT field.

It is imperative to note that none of these factors are within the sphere of influence of women and therefore the introspective actions suggested by some researchers to eliminate pay disparity, would be ineffective. The key factors as proposed by Mandel & Semyonov (2014) coupled with the ensuing research outline strong substantiation of this study’s theoretical postulations. This study suggests that a structural intervention during the salary offer process would be effective in finally resolving the pay gap. It is proposed that the structural construct should shift the focus from the personal attributes to the human capital of the employment candidate/applicant.

Theoretical Framework

The theoretical justification for the proposed, refocus from personal attributes to human capital, is grounded in the Human Capital model. It has been argued that an individual should be compensated for human capital characteristics, such as level of education, prior experience, mobility, and actual time spent working. Multiple transformational actions have been executed to counteract pay inequality. Companies have created programs demonstrating their commitment to fairly paying workers, women have learned strategies for salary negotiation to advocate for

themselves, and laws have been passed to assist in paying women equally. Since this issue is now widely discussed by organizational leaders in numerous sectors, specifically highlighting the underlying theory that as long as personal attributes, or social identity based decisions occur, gender equality in pay will not exist in the business world.

Human Capital Theory

Human Capital Theory “views the employee’s education and skills as the major source of his or her productivity” (Strober, 1988, p. 218). This theory enables a person to think of capital in terms of years of schooling, school quality, years of experience, employment skills, and type of training. A set of marketable employment expertise is the form of capital that is described by labor economists as a means of exchange for employment. The more capital that an employee has to offer, the better the chances of employment attained. “Workers with higher levels of education and more work experience tend to have higher wages” (Weiss, 1995, p.133). “In most instances... it is appropriate to assume that education increases or improves the economic capabilities of people” (Sweetland, 1996, p. 341). Although the candidate may have the best human capital within the population of job candidates, it is imperative that a model is created to remove the bias from the salary process, protecting the organization, the job evaluator, and the job candidate.

One example of the human capital model that assists companies in removing bias from their candidate selection process involves the structured interview. The benefits of structured interviews using the Human Capital Theory coupled with a focus on candidate competencies and requirements result in “an increased likelihood of better selection decisions; more consistency and fairness in treatment of candidates” (Barclay, 1999, p.148). Structured interviews entail defined questions for each candidate, thereby regulating the interview process and reducing the

bias. Employers have access to a tool that is standard for each employee. This tool enables job evaluators the ability to analyze each candidate's answers based on a systematized scale, allowing the best candidate to be chosen.

Through the use of constructive measures, Mincer (1974) found that years of work foregone to pursue education were rationally compensated with higher earnings. Occupations demanding high levels of education afforded higher compensation, at least sufficient to ensure that lifelong receipts equalized the present value of compensation received by workers with less education. Mincer (1974) also found that age-earnings profiles revealed two distinct correlations: "As more skill and experience are acquired with the passage of time, earnings rise" (Sweetwater, 1996, p.345).

"Probably the most impressive piece of evidence is that more highly educated and skilled persons almost always tend to earn more than others" (Becker, 1964, p. 12). This is true of developed countries as different as the United States and the Soviet Union, of underdeveloped countries as different as India and Cuba, and of the United States one hundred years ago as well as today. Moreover, few, if any, countries have achieved a sustained period of economic development without having invested substantial amounts in their labor force, "and most studies that have attempted quantitative assessments of contributions to growth have assigned an important role to investment in human capital" (Sweetwater, 1996, p. 350). Therefore, this study proposes that a strict focus on human capital characteristics (Human Capital Theory) could assist in the subjugation of the existing bias and result in a positive correlation with pay. As a result, I hypothesize the following:

Hypothesis 1: Those candidates who are over-qualified with greater human capital characteristics for the potential position will receive a higher salary offer than those who are under-qualified for the position.

Social Identity Theory

Social Identity Theory (SIT) has foundational structures that provide evidence consistent with the factors that necessitate pay disparity. Social Identity Theory is the supposition describing the action and influence of the identification construct. SIT is described as the social evaluation and group alignment of a person or person's in-group identification. "Social identity is the cognitive mechanism which makes group behavior possible" (Turner, 1982, p. 21). "The evaluation of one's own group is determined with reference to specific other groups through social comparisons in terms of value-laden attributes and characteristics" (Tajfel & Turner, 1979, p. 16). Therefore, Social Identity Theory postulates that a person's sense of who they are is based on their group membership and these groups are an important source of pride and self-esteem. Groups give individuals a sense of social identity and a sense of belonging to the social world.

"At the very least, SIT maintains that the individual identifies with the social categories partly to enhance self-esteem" (Ashforth & Mael, 1989, p. 22). "Through social identification and comparison, the individual is argued to vicariously partake in the successes and status of the group: Indeed, positive, and negative intergroup comparisons have been found to affect a member's self-esteem accordingly" (Ashforth & Mael, 1989, p. 22). "Positively discrepant comparisons between the in-group and out-group produce high prestige" (Tajfel & Turner, 1979, p. 16). The in-group experiences pride and often develops intergroup bias and favoritism, resulting in "cognitive segments that provides the individual with a systematic means of defining

others” (Ashforth & Mael, 1989, p. 21). This behavior and intragroup interaction may result in the in-group sensing superiority, control, supercilious and untouchable behavior toward the out-group. Subsequently, the out-group may sense diffidence, lack of control, and undermined behavior when interacting with the in-group.

Membership within a social group is related to either positive or negative value associations. Understanding this concept assists in identifying the social identity evaluation of a group to either be a positive or negative ailment for those groups, contributing to the social identity of an individual. The target of the in-group is to realize preeminence over the out-group. The out-group in this theory is perceived by the in-group as less than exemplary or as a negatively valued group. The in-group differentiation is used to maintain superiority over the out-group. This identification experience presents strong satisfaction to the individual within the in-group. Consequently, individuals who belong to the in-group classification have the ability and the authority to define the out-group, presenting a psychological impact and disadvantage for the out-group. This feature of social identity theory can become problematic if the individual in a decision making role cannot separate this behavioral inclination towards group identity when making employment related decisions.

The theory of social identity (Tajfel & Turner, 1979) can be instantiated when managers positively favor employees that are within their respective in-group. The Board members within the Shin (2012) study, illustrate an explicatory demonstration of this in-group occurrence. The researchers noted that male executives were favorably evaluated by male directors when compared to their female executive counterparts, resulting in a higher salary for the male executives. This in-group phenomenon can transpire when there is one manager evaluating an out-group employee, as well as a group of managers executing the evaluation. The Shin (2012)

study provides an example of the group encounter, using both a salary/compensation board and a board of directors to disclose the social identity impact on both the in-group and out-group. Therefore, according to social identity theory, in the event that a male manager is in control of the salary offer process and is presented with a choice between an in-group (male) and an out-group (female) candidate, the male manager is likely to choose to give the in-group candidate a higher salary offer. Further evidence of this form of behavior has spilled over into workplace decisions as seen in the following examples.

Racusin et al. (2012) conducted a study examining Yale scientists who were presented with application materials/resumes from students applying for a lab manager position and who intended to go on to graduate school. Half of the scientists were given the application with a male name attached, and half were given the exact same application with a female name attached. Racusin et al. (2012) found that the “female” applicants were rated significantly lower than their “male” counterparts in competence and hireability and were offered lower starting salaries. These authors used SIT to demonstrate that in-group bias made the male salary evaluators more lenient on the members of their in-group, resulting in the salary offers for male applicants being higher.

A second example stems from the study by Weaver et al. (2015), where the authors yielded a model that explained 33% of the variance in earnings for the male and female doctors in their study. After adjusting for significant covariates including pediatric specialty, practice model, geography, and amount and type of clinical work, the estimated underpayment of women compared to men was approximately \$14,500. The human capital of the doctors was similar, but the valuation of women was less than their male counterparts.

Social Identity Theory posits when leaders make a salary decision based on one group's membership (in-group), it results in the in-group having an unequal status in relation to the out-group. The decision to include a candidate outside of the group has potential negative effects. Research suggests this incongruity selection results in discriminating and biased behavior. Tajfel (1979) noted that the biased behavior is based on a normal cognitive process, which is the tendency to group things together. In demonstrating this behavior, a person is inclined to exaggerate the differences between groups and the similarities of things in the same group. This stratification is perpetuated and reinforced by a confluence of unequal relations in roles, rights, and opportunities.

Understanding the organizational incongruity allows companies to improve and change the biased behavior (Bell, 2005). The out-group would be positively affected if a change to the organizational composition is introduced within the salary offer process. "Women fare better in terms of salary and total cash compensation in female-led companies where the CEO and/or Chair is female. The difference in pay between women executives in female-led and other firms is statistically significant in all cases..." (Bell, 2005, p.11). Relatedly, the Shin (2012) study also identified how changing the process of the salary offer could positively impact the out-group's salary. In the Shin (2012) study, the researchers identified that the process of "adding one woman on the committee increases female executives' pay by \$302,000, making the average \$1,185,000—equivalent to a 34 percent increase. Having at least two women on the committee increases the pay of female executives by another \$450,000. This makes the average pay \$1,635,000, which is an additional 38 percent increase" (Shin, 2012, p.269).

Therefore, in accordance with Social Identity Theory and in-group versus out-group membership, the research hypotheses are as follows:

***Hypothesis 2a:** The salary offer for a male candidate will be significantly higher than the salary offer for their female counterpart when a male is making the salary offer decision.*

***Hypothesis 2b:** The salary offer for a female candidate will be significantly higher than the salary offer for their male counterpart when a female is making the salary offer decision.*

Internal Bias

The group dynamic of internalized bias is defined as at least one member of a group exhibiting negative intragroup stereotypical behavior or action. Heilman (2012) depicts internal bias as an automatic activation of stereotypes experienced by a gender group. This gender group is debilitated primarily by its group affiliation, not necessarily due to what the group has done or what they appraise. Women and men differ when it comes to intra-group negative work evaluations. Research shows women are much more likely to engage in devaluing behavior towards their own group than their male counterparts (O’Leary, 1974). The devaluation of women by women, reinforces the misogyny of the male culture and enforces the lateral oppression of women in the workplace.

O’Leary (1974) indicated that as girls and boys age, both are likely to garner a greater opinion of men than women. In an earlier study, Sherriffs and Jarret (1953) reported that their subjects demonstrated a ‘systematic preference’ for males.” (O’Leary, 1974, p.813). According to these researchers, this negative self evaluation may later evolve into an endorsement of male traits over female traits when assessing value at work.

Research shows that “internalized misogyny or a devaluation and distrust of women as well as a belief in male superiority” (Szymanski et al, 2009, P.107) exists in today’s workforce. Both men and women exhibit a “passive acceptance of traditional gender roles” (Szymanski et

al, 2009, p.107). Although there are laws that regulate and attempt to mitigate inequality, several examples of this behavior persist in the U.S., specifically for women. One example is demonstrated in the Higher Education arena where “Spelke and Grace (2007) found that when a dossier was associated with a male name, 70% of the reviewers (both men and women) recommended tenure, but when it was attributed to a female, only 45% recommended tenure.” (Easterly and Ricard, 2011, p.66). Another study by Steinpreis et al (1999), found that when a “new assistant professor CV had a male name, the candidate was judged by both male and female evaluators to be worthy of hire approximately 73% of the time. When the same CV had a female name, it was rated worthy of hire approximately only 45% of the time... The fact that the male and female tenure versions of the vitae were rated more similarly than the new assistant professor versions suggests that women may be at greater risk of experiencing discrimination...” (Steinpreis, 1999, p.517). Heilman’s (2012) study further stated that there is no difference between males and females when evaluating women, both genders execute biased judgements when interacting with women in the workplace or women candidates.

There are two principal schools of thought on why women exhibit internal bias when interacting with co-workers or potential candidates in a work environment:

Disposition 1. There is pressure that has been exhibited by management within their work environment, thus women act accordingly. The women, according to this school of thought, favor males in the identified work scenario or evaluation activity within the hiring process. The studies of Heilman, Klimoski and Tetlock (2012) identified that women make decisions that are self protective and consistent with the views of management. When women are provided justifications that may exhibit discrimination of other women, the need for approval overrides their behavior in this scenario. Szwajkowski’s (1991) study discloses that bias and the

exhibition of gender discrimination in the workplace is a result of leaders making candidate evaluations and personnel decisions under duress and in accordance to the norms of the business.

Disposition 2. Women have been impacted unconsciously by society and believe that men (the outgroup), produce better performance than women in the workplace. Heilman's (2012) study states that managers that excel in the workplace exhibit masculine factors and characteristics. Fundamentally, the stereotypical characteristics of a male are necessary qualities if a person wants to be a meritable executive. The general idea that both men and women "think manager, think male" seems to live on (Heilman, p.116, 2012). Society influences women to make decisions against the best interest of their in-group, thereby proliferating the bias against their group, and subsequently inequality.

Identifying and understanding internalized bias is a factor that may be embedded in the organization and indiscernible to a company's management. This phenomenon is important because it may not only impact the salary offer for women in today's workforce but also an organization's performance. "The occurrence of interpersonal discrimination can cause organizations to lose profits in a number of different ways" (Ruggs et al, 2011, p.35). Therefore, in accordance with internal bias, the research's competing hypothesis is as follows:

Hypothesis 3: *The salary offer for a male candidate will be significantly higher than the salary offer for their female counterpart when a female is making the salary offer decision.*

Method

Participants

The survey was distributed to participants using Amazon Mechanical Turk (MTurk), a research firm that provides respondents for consumer and other industry surveys. Inclusion

criteria for the study required participants to be between the ages of 18-65 and have an educational level equivalent to a high school diploma or higher. Participants were also required to have a minimum of one year of work experience. No other inclusion criteria applied.

MTurk distributed surveys to 303 individuals. 303 individuals responded, however 92 surveys were removed from the final analysis due to incompleteness. Therefore, 211 participants comprised the final sample for this study.

In testing for the presence of Pay Disparity in the workplace, 40% percent of the study's participants identified as female and 59% of the participants identified as male. 1% percent of the participants declined to disclose their gender. Participants ranged in age from 18-65 ($M = 35$, $SD = 10.4$). Slightly more than 73% of the respondents identified as Caucasian, 8.5% Hispanic, 9% African American, 9% Asian, and less than 1% identified as Other. Forty-eight percent of respondents reported a suburban living environment, whereas 35% reported urban, and 17% reported rural. Twenty-one percent of participants reported work experience within the range of 1-5 years, 25% reported 6 -10 years of work experience, 18% reported 11-15 years, and 35% reported 16 years or greater.

Procedure

With the approval of the university's Institutional Review Board, which evaluates research working with human subjects, Amazon Mechanical Turk facilitated the presentation of the study's vignette to each of the sample's participants using the Qualtrics survey platform. Each participant was presented with the prescribed resumes of potential job candidates with two distinct skill levels (overqualified and underqualified). They were asked to review the job description for a Global Marketing Director position and the resumes for potential candidates. Participants were then asked to make hiring decisions and salary assignments for the candidates

who would fit the role of the Marketing Director position. The candidate resumes included distinct skill sets, and a male, female, or nonsex identifier. Each overqualified candidate's resume was the exact same across all candidates (with two modifications, the first was a change of the candidate's name and the second was a change in the professional organization), both aligned based on gender criteria of the candidate. The same model was followed for the underqualified candidates.

In addition to making a hiring selection and salary decision, each participant was asked to provide a variety of demographic information at the conclusion of the survey. Demographic questions included age, sex, ethnicity, level of education, industry experience, US region location, neighborhood type (rural, urban, suburban), and marital status (single, married, separated, divorced).

Manipulations and Measures

Director of Marketing description. The Global Director of Marketing leads all of the marketing activities for the business across the world and has the direct responsibility for the business's development teams in the Americas and EMEA (Europe, the Middle East, and Africa). The candidate will work closely with the global commercial and technology teams and partner with the Europe, Asia, and Americas business directors to design business plans that will deliver the expected accelerated growth of the company. As this position is also accountable to keep a solid and dynamic pipeline of opportunities, the candidate has the opportunity to change the business growth trajectory and with that make a significant contribution to the company results. (See Appendix A for the full job description for the Director of Marketing position).

Manipulation of the salary range. Participants were provided with a salary band, or salary range of \$91,000 to \$150,000 for the role of Director of Marketing. Participants were then told that they were at liberty to offer under the scope, within the scope, or over the scope when they made their salary offer to the selected applicant. Participants were instructed that if they felt it necessary, they were at liberty to go outside of the band. (See Appendix B).

Manipulation of qualification level using human capital theory approach.

Participants were provided with two applicant resumes from which they decided to hire for the Director of Marketing position. Neither resumes in this condition contained gender identifying information. The only factor manipulated in this condition was the work experience of the two applicants. One applicant's resume reflected a greater level of work experience (overqualified) and the second applicant resume reflected significantly less work experience (underqualified) for the sake of differentiating the two applicants in the area of human capital qualifications. (See Appendix C).

Manipulation of qualification level and gender using a social identity theory approach. Participants in this condition were provided with two applicant resumes from which they decided to hire for the Director of Marketing position. Each resume contained gender identifying information. The selection for the participant either contained a male or female name, that represented combinations of over qualified and under qualified skilled applicants. The resumes of the applicants were randomly assigned to participants. (See Appendix D).

Dependent variable. Participants were asked to rate each applicant's overall suitability for the job of Director of Marketing on a five point scale with higher scores indicating better suitability. Participants were then asked an open-ended question to indicate the salary offer they made for the selected applicant. (See Appendix E).

Manipulation checks. The manipulation check items asked participants what job title applicants were being hired to fill. Participants were then asked about the salary band to determine if they read the suggested band information. Within the Social Identity condition, the participants of the study, were asked if they were able to identify the sex of the applicants. (See Appendix F).

Results

Prior to conducting the analyses, the data was structured/filtered using only participants who rated a salary between \$42,000 and \$260,000 to eliminate any individuals outside of those bounds who perhaps were not paying attention to the assigned task. To test the hypotheses, a few separate independent samples *t*-tests were performed. Hypothesis 1 proposed that those candidates who are overqualified with greater human capital characteristics for the potential position will receive a higher salary offer than those who are underqualified for the position. To test Hypothesis 1, an independent samples *t*-test was conducted (See Table 1). Results indicate that candidates who were overqualified ($N = 151$) received more job offers than their underqualified counterparts ($N = 52$). Results further indicate that the overqualified applicants received significantly higher salary offers ($M = \$129,184$, $SD = \$41,537$) than those candidates who were underqualified for the job ($M = \$113,875$, $SD = \$26,623$). As can be seen in Table 1, the independent samples *t*-test showed that the mean difference between the two groups of approximately \$15,309 was significant ($t = -3.058$, $df = 139$, $p < .01$). Therefore, Hypothesis 1 was supported.

Hypothesis 2a proposed that the salary offer for a male candidate will be significantly higher than the salary offer for their female counterpart when a male is making the salary offer decision. To test Hypothesis 2a, an independent samples *t*-test was performed (See Table 2).

Results indicate that male participants chose male candidates ($N = 46$) more often than female candidates ($N = 40$), however female candidates were assigned higher salaries ($M = \$130,489$, $SD = \$39,346$) than their male candidate counterparts ($M = \$119,598$, $SD = \$35,907$). As can be seen in Table 2, the independent samples t -test showed that the mean difference between the two groups of approximately \$10,891 was nonsignificant ($t = -1.342$, $df = 84$, ns). Therefore, Hypothesis 2a was not supported.

Hypothesis 2b proposed that the salary offer for a female candidate will be significantly higher than the salary offer for their male counterpart when a female is making the salary offer decision. To test Hypothesis 2b, an independent samples t -test was performed (See Table 3). Results indicate that female participants chose female candidates ($N = 39$) more often than male candidates ($N = 33$) and assigned female candidates higher salaries ($M = \$128,333$, $SD = \$42,150$) than their male candidate counterparts ($M = \$128,303$, $SD = \$36,514$). As can be seen in Table 3, the independent samples t -test showed that the mean difference between the two groups of approximately \$30.00 was nonsignificant ($t = -.003$, $df = 70$, ns). Therefore, Hypothesis 2b was not supported.

Hypothesis 3 examined the potential for internal bias among female participants and was a competing hypothesis for Hypothesis 2b. Hypothesis 3, therefore, proposed that the salary offer for a male candidate will be significantly higher than the salary offer for their female counterpart when a female is making the salary offer decision. Based on the data reported in Table 3, results indicate that females assigned female candidates higher salaries than their male candidate counterparts, although the mean differences were not significant. Therefore, Hypothesis 3 was not supported.

Discussion

This study was designed to create awareness for leaders in the workforce in understanding the potential bias that may occur during the process of filling a job opening for an organization as well as during the salary offer process. In keeping with the Bohnet (2016) approach, this study investigated the forces that influence pay disparity by considering the effects of a human capital versus a social identity approach to making hiring and salary offer decisions. During the hiring and salary offer process, unintended/intended bias may occur in organizations. The findings of the present study were in direct contrast to the Racusin et al (2012) findings, where Yale scientists aligned their employment choices with SIT, rather than with the candidates' human capital. Results of the present study indicate that a focus on human capital characteristics may provide a model that would assist organizational leaders in mitigating the process bias that can and may occur. A human capital approach provides a hiring and salary process change that would operate as a model for organizations in the mitigation of internal practices in pay disparity affecting almost half of the US population.

This research was designed to increase the understanding of the forces that influence pay disparity by considering the effects of a human capital/economic value approach (employee's skill set, experience, knowledge, and/or education) versus a social identity approach to making salary offer decisions. This study sought to contribute to the literature by (1) examining a human capital approach to reduce the gender bias effect on salary offers and pay disparity, (2) investigating how social identity influences perceived gender bias thereby influencing salary offers resulting in pay disparity, and (3) researching whether gender differences exist with regard to in-group and out-group salary offers. This study also aimed to examine whether in-group

members were likely to receive higher salary offers than out-group members when gender identifiable information was present.

Results of the present study indicate that overqualified candidates with greater human capital characteristics received more job offers and higher salary offers than their underqualified counterparts. Findings support Weiss' (1995) assumption that workers with higher human capital do have higher salaries and a higher possibility of attaining employment. The research results of the present study also revealed that the overqualified applicants received significantly higher salary offers than the candidates that were underqualified for study's position of Director of Marketing. In fact, the overqualified candidates saw salaries that were on average fifteen thousand dollars higher than their underqualified counterparts. These findings support the value of applying a human capital approach with a strict focus on human capital characteristics to support the subjugation of any existing bias and result in the concomitant of higher pay.

Remarkably, findings of the present study were at times supportive and at other times contradictory of social identity theory. That is, at times social identity theory was supported in the hiring decision, but not in the salary offer decision. For example, results indicate that while male participants chose male candidates more often than female candidates, male participants presented female candidates with higher salary offers for the role of Director of Marketing than the male candidates, although the mean differences in salary offers were not significant.

Findings further indicate that female participants chose female candidates more often than the male candidates for the Director of Marketing position thereby supporting social identity theory. Results further indicate that female participants also assigned female candidates higher salaries than the male candidates, however, the mean differences of the salaries were not statistically significantly different.

Furthermore, taking into account the proposed likelihood of internal bias describing women as much more likely to engage in devaluing behavior towards their own group than their male counterparts (O'Leary, 1974), results of the present study do not lend such support to the idea of the devaluation of women by women.

Theoretical Implications

This study assists in support for the implementation of the theoretical framework of human capital in making hiring and salary decisions. This provides a model for which organizational leaders can mitigate the bias associated with selection and salary offer decisions. The human capital theory focuses on an employee's years of schooling, school quality, years of experience, employment skills, and type of training. The human capital of a candidate may add value to the company's performance as well as advance the expertise of the workforce.

“The standard approach in labor economics views human capital as a set of skills/characteristics that increase a worker's productivity” (Acemoglu, 1999, p.4). This theory is typically based on the relationship of the employee's human capital to the firm's productivity or the “observable measures of human capital being rewarded because they are signals about some other characteristics of the worker” (Acemoglu, 1999, p. 6). The results of the present study lend support to the idea of how taking a human capital approach can potentially mitigate some of the concerns surrounding bias in hiring and salary offer employment decisions. This could potentially address various concerns surrounding the continuing issue of pay disparity. The findings of the present study support the developmental need for applying a new knowledge system, such as a human capital approach. This would allow for a more focused relationship between human capital characteristics and the specific knowledge, skill, and abilities required for specific jobs.

Although the current research study tested hypotheses grounded in social identity theory and found some support indicating that both men and women were more likely to make offers to their respective genders, results did not indicate this level of support when it came to making salary offers. However, the results of the present study seem to demonstrate that when a social identity approach is coupled with the human capital approach, participants are less likely to be influenced by social identity.

Practical implications

The results of the current study lend support for encouraging leaders to assess candidates for specific positions based on human capital characteristics. Each participant (hiring manager) within the study selected the best candidate for the position based on a side by side assessment of each candidate's human capital. Many important and practical implications follow this study's insight. First, although significant bias did not appear within this study, the study's findings highlight the motivational capacity of managers to identify with the human capital characteristics of the candidate more so than that of the social identity alignment with the candidate. Furthermore, leaders can institute procedurally unbiased and fair decision making processes within both the interviewing and salary offer practice. This approach will allow leaders the opportunity to focus on the candidate's human capital for a specific role. Third, organizations can provide tools of awareness to ensure that the cycle of candidate selection and salary offers are conjoined to the human capital of all candidates.

The application of the study's findings, however is not as perspicacious, as originally identified within the study's hypotheses. Manager's hiring selections and subsequently salary offers may be influenced by either human capital or social identity of the candidate and these possibilities are subjective to each hiring event. Organizations may want to ensure the creation of

company wide educational awareness work products on how to assess and hire a new employee. An information strategy of awareness around the firm's principles in the selection of candidates and salary offer process will ensure that all employees are aware of company policies, as well as the responsibilities of each person and potential impacts. This could also potentially address the troubling issue raised about the pay disparity change activity of the woman being the focus. This new educational awareness strategy, targeting bias awareness, would sit squarely with the entity that controls the salary offer, from the position of power and ensure that the perceivers are cognizant of the impact of automatically activating the bias of offering a lower salary for a particular gender (Heilman, 2012, p. 3).

Further practical implications of this study are influenced by both the study's framework and its findings. When human capital theory overrides the employment process, such as during the hiring and salary offer process, results are less likely to be impacted by pay disparity or selection bias. This study's findings support the focus of management's identification of the candidate's necessary skills for each specific job, skills valuation, job experience, and educational worth. This logical tool of awareness would stimulate sound judgement within these processes while potentially mitigating any bias or discrimination within the organization's selection and salary offer process. Findings of the present study seemed to focus on human capital more so than on in-group bias which is promising and should be encouraged.

Strengths/Limitations

The present study has various strengths to note. First, the methodological design adds rigor, insight, and perspective into the theoretical basis of both human capital theory and social identity theory. The data was collected in a manner consistent with the actual process of candidate selection in the workplace, creating testable hypotheses based on empirical data. The

data collection process was logically developed using a simple survey design method to collect data, increasing the study's generalizability. The study further tested a parsimonious model of the pay disparity problem utilizing specific variables within the hiring and salary offer process to identify the influential factors in hiring decisions.

However, the study's contributions must be qualified in light of its limitations. Although the study's participant selection method was created to ensure variation in the sample of participants, our study's demographic was heavily weighted among the Caucasian race as well as those in an urban setting, which may influence generalizability. The study also created scenarios which did not include an organizational construct to influence the participants making both the candidate selection and salary offer decision. The decision maker in this study was the sole decision maker in both employment decisions, with no influences from a company culture, upper management, or fellow leadership influences. This base level construct allowed the participants to base their decision on the human characteristics of the candidates only. People commonly make hiring decisions based on many factors, including the culture of the team, if there is a panel interview- the common decision of the group, the field in which they are hiring, or the known thoughts of other leaders within their organization.

In spite of the limitations, the present study has made the first step in identifying that people are capable of identifying and making a hiring or salary offer decision based on human capital when there are no outside influences or if the leader is the owner of the company whereby they are less likely to be influenced by other individuals. The study has initiated a good first step in sparking a discussion as well as awareness on how these types of decisions are currently made in organizations.

Future Research

The present study provides a means for further examination of pay disparity in terms of awareness and validation within a firm's organizational leadership. This study's individual findings assist in closing the gap of this research in terms of identifying proper behaviors of decision makers as well as mitigating actions of pay improvement for impacted stakeholders. The present study calls attention to the underexplored relationships within the pay disparity literature, highlighting the importance of the theoretical and practical findings. Further research should be explored identifying the relationship between the selection of candidates and the decision of the salary offer to that of the following manager characteristics: education, marital status, and their location/neighborhood. Future studies could also incorporate industry data finding comparisons (STEM, Healthcare, Banking, Education) to identify if there are differences in the candidate selection and salary offers between business verticals.

Research is also needed to understand any potential correlation between a male dominated industry (Science, Math, Engineering, and Information Technology) and women not being hired by male decision makers. Such research could assess if the male decision maker is influenced by the identification with his in group, based on social identity theory, to determine if a male dominated environment would be a sustainable environment for the out group (female) candidate, or if a bias exists for cases where the female candidate was not hired "for the woman's own good" in the predominantly male dominated industry. Such research could ascertain if the male decision maker exhibits a compulsory effect "of doing the female candidate a service", by perhaps not hiring her thereby allowing her to forego the experience of working in an aggressive culture.

Finally, additional pay disparity research is needed to understand the linkages and impacts on intergroup and intragroup panel interviews. Future research could further test the research of Heilman et al (2012) and assess potential group behaviors (i.e. discrimination of women) identifying the potential differences between the groups during the candidate selection and salary offer process. Future research could examine if the candidate selection decision is correlated to the need for approval from the participants on the interview panel. Research could examine if the female's individual employment decision contrasts their candidate choice when the decision maker is participating on an interview panel.

Conclusion

Pay disparity has existed over the last 150 years, (Kleinberg,1999). There are many reasons the populace describes as to why pay disparity exists: Women take breaks in their careers to have babies, women choose lower end jobs with lower salaries, and women do a poor job in negotiating their salaries. However, the present study identified a robust relationship between human capital and a hiring manager's candidate selection and salary offer. Overall, this study provides positive support for taking a human capital approach toward reducing pay disparity. This study contributes to the literature through the examination of a human capital approach on reducing the earnings ratio gap between men and women. This study demonstrates that a structural intervention both during the candidate selection and salary offer process is effective in shifting focus from the candidate's personal attributes to the applicant's human capital. The current study therefore impacts this important research area by highlighting one key concept, when a manager is given the choice to hire for a specific position, human characteristic variables should be more important to their decision than social identity. Although social identity has been problematic for decision makers, this study demonstrates that a focus on human capital

characteristics can reduce the behavioral inclination towards group identity when making employment related decisions. When the fundamental concern of pay disparity is recognized and the behaviors of managers are understood, pay disparity is closer to being assuaged, one firm at a time.

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Tables

Table 1

Independent Samples T-Test for Qualification Differences in Salary Offer

	Levene's Test for Equality of Variances		t-test for Equality of the Means				95% Confidence Interval of the Difference		
	<i>F</i>	Sig.	<i>t</i>	<i>df</i>	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Salary offer									
Equal variances assumed	3.996	.047	-2.486	201	.014	-15309.40	6159.27	-27454.47	-3164.32
Equal variances not assumed			-3.058	139.107	.003	-15309.40	5005.61	-25206.31	-5412.48

Table 2

Independent Samples T-Test for Gender Differences in Salary Offer When Males Make the Salary Offer Decision

	Levene's Test for Equality of Variances		t-test for Equality of the Means				95% Confidence Interval of the Difference		
	<i>F</i>	Sig.	<i>t</i>	<i>df</i>	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Salary offer									
Equal variances assumed	.049	.826	-1.342	84	.183	-10890.77	8116.51	-27031.35	5249.80
Equal variances not assumed			-1.333	79.710	.186	-10890.77	8168.96	-27148.42	5366.87

Table 3

Independent Samples T-Test for Gender Differences in Salary Offer When Females Make the Salary Offer Decision

	Levene's Test for Equality of Variances		t-test for Equality of the Means				95% Confidence Interval of the Difference		
	<i>F</i>	Sig.	<i>t</i>	<i>df</i>	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Salary offer									
Equal variances assumed	.955	.332	-.003	70	.997	-30.30	9383.71	-18745.53	18684.92
Equal variances not assumed			-.003	69.953	.997	-30.30	9271.33	-18521.60	18460.99

Appendices

APPENDIX A - Director of Marketing Description

Position Description:

The Global Director of Marketing will lead all the marketing activities for the business across the world and have direct responsibility for the business development teams in the Americas and EMEA. The candidate will work closely with the global commercial and technology teams and partner with the Europe, Asia and Americas business directors to design business plans that can deliver the expected accelerated growth.

Requirements:

- 10+ years of marketing/business development experience with a strong track record of leadership and delivering results
- Bachelor degree in science, engineering or business required. MBA preferred.

Job Responsibilities:

- Leads business marketing strategy, including developing and articulating long range plan and milestones.
- Manage and define marketing, business development and R&D resources to assure proper pace, prioritization and alignment with business plans.
- The position is also accountable to defining / maintaining a pipeline of new potential growth areas for the business.
- Manage the business development teams based in the Americas and EMEA

APPENDIX B - Manipulation of Salary Range Description

The participant's instructions for the salary offer will be to review the candidate's resume, using the position description/requirements and assign a salary offer. The study provides the participant a salary range suggestion to be utilized as a guideline for a modest salary offer for the Marketing Director position. The suggested range is between \$91,000 and \$150,000. The participants are also informed that they have the liberty to offer a salary below, between or above the salary range.

APPENDIX C - Manipulation of Qualification Level Using Human Capital Theory

Approach

Over qualified (Blind Candidate)

Candidate # 20967812

SUMMARY RESUME

Senior Marketing Executive (VP/SVP/CMO) with 15 years experience guiding domestic/international marketing strategies for Fortune 50 organizations (Wal-Mart, Costco Wholesale) and leading global market penetration strategies in China, Japan, and India. Recognized expert in marketing, supply chain, and business operations

EXECUTIVE PROFILE

Senior Marketing Executive (VP/SVP/CMO) with extensive experience guiding domestic/international marketing strategies for Fortune 50 organizations (Wal-Mart, Costco Wholesale) and aggressive mid-tier category leaders (ELES Global Media, Lloyd Booth International). Recognized expert in global marketing, supply chain, and business operations. Chief architect of numerous successful market penetration strategies, including leadership of country-specific execution efforts in China, Japan, India, and dozens of additional countries around the globe. Masters Degree in Marketing & Management, combined with Graduate Program completion in International Management, eCommerce, and Six Sigma Methodology

CAREER HISTORY & ACCOMPLISHMENTS

VP of Global Marketing & Membership

Wal-Mart Stores, Inc., Bentonville, AR: 2003 to Present

Recruited to join senior management team and drive global market strategy, brand promotion, merchandise sales, integrated marketing operations, and membership sales for Wal-Mart International (a \$57 billion division of Wal-Mart Stores, Inc., operating multiple retail formats in ten country markets) and SAM'S CLUB Global (a \$42 billion division, operating wholesale clubs in six country markets).

-- China/India Expansion Initiatives: Recently assumed leadership roles in Wal-Mart China's accelerated expansion effort, as well as in driving Wal-Mart's go-to-market entry initiative in India. As part of these assignments, have been traveling extensively to both countries to design, execute, and champion the success of numerous customer-centric marketing and merchandise initiatives. Key indicators of progress to date include a recent record \$8 million sales week at the Shenzhen, China SAM'S CLUB, reflecting the company's strategic decision to drive GM sales to China's rapidly growing middle-class segments.

-- Japanese Market Strategy: Leveraging over ten years of Japanese consumer market experience, and working closely with merchandise, marketing, and operations teams from JV partner SEIYU (\$10 billion Japanese retailer), helped develop, implement, and drive a branding and merchandise strategy designed to aggressively establish company brand clarity and market share in the extremely challenging Japanese retail environment. Developed market objectives and a lifestyle-focused, segment-centric market communications strategy that specifically targeted Japanese female consumers aged 19-35 (the highest value, highest disposable income, most dynamic consumer segment in Asia). Sponsored merchandise sales initiatives intended to fully leverage the global sourcing powers of Wal-Mart and designed to redefine the market demographics at SEIYU, attracting customers with larger average basket rings and higher margin apparel and general merchandise purchases.

-- Global e-Commerce: Currently serve on Wal-Mart's Global.Com Governing Body, which plans strategy and development initiatives for one of the world's largest Internet e-Commerce operations. Assigned to lead a team tasked with aligning international e-commerce strategy and initiatives (across 17 website properties operating in ten different country markets) with key business goals. Initiated content assessment reviews and introduced business strategies to definitively improve site conversion rates and enable organization to better understand member geographic, demographic, and psychographic profiles. Developed segment-specific email marketing communications strategies to maximize revenue and ROI, in addition to a Phased Strategic Roadmap designed to: 1) Increase revenue growth; 2) Enhance member service levels; and 3) Drive member acquisition/loyalty.

-- Global Marketing Operations / Brand Management: Direct P&L responsibilities and accountability for achieving specific sales, margin, and ROI goals concerning SAM'S CLUB Global (55 million members). Drove operational execution of Relationship Marketing strategies and tactics that have directly resulted in a \$260 million incremental sales increase this past Fiscal Year, 48% growth of the international membership base, and 12-15% annual growth in sales outside the U.S. Working closely with divisional marketing and operations field teams in the United States, China, Canada, Puerto Rico, Mexico, and Brazil, spearheaded store-level CRM, channel integration, and member communications initiatives designed to transition markets to a systematic, organizational focus on membership quality. Conducted comprehensive market and segmentation research, established customer profitability gradients, and implemented program initiatives designed to enable SAM'S CLUB to better drive targeted sales and compete with competitors such as Costco Wholesale. Developed a strategic plan to substantively grow International Private Brand sales penetration (300+ PB items). Created Member Benefits Loyalty programs (encompassing Financial services; Web Site services; Insurance programs; Small Business services; etc.) to enhance the SAM'S CLUB membership value proposition and definitively impact global membership retention. Additionally, led a marketing and operations team that has established metrics and Key Performance Indicators, ROI benchmarking, and Implemented Six Sigma methodologies, resulting in substantive market efficiencies concerning ongoing Global Marketing Operations (CRM; Direct Mail Marketing; Integrated Media Campaigns; In-Store Merchandise Promotions).

Vice President Marketing / Managing Director

ELES Global Media, Inc., Yokohama, Japan: 2000 to 2003

Recruited to build and lead a Japanese team in the development, strategic planning, operational execution, and market launch of a portfolio of digital media properties targeting the multi-billion dollar global Distance Learning markets.

-- Raised venture capital, recruited staff, and negotiated partnership agreements with content providers, distance learning agencies, and media partners. Augmented email marketing initiatives with direct response media campaigns to spearhead an integrated marketing plan introducing media-rich English language instructional platforms to the global ESL (English as a Second Language) markets in Asia. Developed and implemented online membership marketing plans targeting specific demographic consumer segmentations in Japan, Taiwan, and South Korea. Supervised development and implementation of a strategic marketing and brand promotion program, offering dynamic English Language instruction and services to mobile Internet users in Japan.

Director of Marketing & Human Resources / Representative Director Japan

Costco Wholesale, Inc., Tokyo, Japan: 1995 to 1999

Promoted to establish a Marketing and Country Development Office for Costco Wholesale in Japan, as well as function as a Member of the Executive Team responsible for opening the first Costco location in Japan.

-- Developed and led execution of an integrated marketing and business plan designed to achieve 100,000 new Memberships and \$70 million in first-year sales within the Japanese market. Leveraged a very focused direct mail, telemarketing, and print media campaign that established the company brand in Japan (the second largest retail market in the world). Augmented direct marketing activities with foundational branding initiatives to aggressively and simultaneously promote both the wholesale and retail sides of the business. Served as First Jingi Bucho (head of Human Resources and People Development) for the company in Japan. Conducted extensive due diligence regarding Japanese Labor Law and wrote the Costco Japan Rules of Employment. Working closely with home office Human Resources, structured initial localized company wage/compensation, benefits, and bonus programs. Augmented existing corporate governance with localization initiatives specifically designed to rapidly assimilate Japanese employees into the Costco Japan company culture—in one of the more challenging global cross-cultural business and social environments.

-- Conducted extensive due diligence concerning Dai Ten Ho (Japan's Large Scale Retail Law) and led the development of the initial Five Year Strategic Development & Country Plan. Established supplier and public/private sector networking relationships to further understand the market and lay the groundwork for a definitive market entry strategy and rapid expansion of Costco Wholesale in Japan. Building on previously established merchandise sales relationships with national and regional retailers in Japan, conducted joint venture screening and M&A market assessment/feasibility studies. Worked with Real Estate and Development teams, and organized joint venture negotiations with retailers and local/city governments regarding site acquisition,

permitting, and development. Developed and supervised the execution of a catalog sales and marketing plan to cost-effectively market and sell imported merchandise to various Japanese consumer market channels. Managed a sales and marketing team that sold merchandise to retailers, wholesalers, and distributors across Japan.

Director of Export Operations

Costco Wholesale, Inc., Issaquah, WA: 1991 to 1995

Recruited to build an Export Sales Department for Costco Wholesale.

-- Responsible for establishing direct merchandise sales accounts in Japan, Taiwan, South Korea, Hong Kong, China, Thailand, Philippines, Singapore, Indonesia, Malaysia, Mexico, Venezuela, Brazil, Argentina, and France. Built and led a sales department that drove company export sales growth to \$60 million. Supervised the implementation of import logistics and merchandise replenishment programs for initial Costco locations in the United Kingdom, South Korea, and Taiwan.

General Manager of Import & Export Operations

Lloyd Booth International, Inc., Tacoma, WA: 1989 to 1991

-- Founded trading company handling diverse product lines. Exported sporting goods and auto accessories to European and Asia-Pacific markets. Established affiliated offices in Taiwan and Thailand. Imported seasonal furniture, garden accessories, and general merchandise for U.S. big box (Costco, Price Club, Home Depot, etc.), specialty retailers, as well as wholesale distributors.

United States Marine Corps

Commissioned Officer: 1983 to 1989

-- Formally trained Logistician responsible for the maintenance management and operational readiness of multi-million dollar asset/equipment accounts. Commissioned Officer; held ranks of Lieutenant and Captain. Manager responsible for the training, morale, operational proficiency, and readiness of units/teams ranging from 20 to 200 personnel.

EDUCATION & TRAINING

M.A.B.A. Degree, Marketing & Management

B.A. Degree, Communications & History

Graduate Degree, International Management

Graduate, e-Commerce Marketing & Management

Graduate, GE Six Sigma Green Belt & Program Management Training

Language Skills: Intermediate Japanese.

Under qualified (Blind Candidate)

Candidate # 47930932

Marketing Manager

1 Nationally award-winning marcom professional with 13 years of experience leading corporate marketing and internal communications for multimillion-dollar companies across diverse industries.

1 Respected leader of creative teams, multimedia divisions and corporate communications departments. Conceptualize and orchestrate marketing campaigns that effectively reinforce and build brand images.

1 Expert in the technical, conceptual and content development of sales-driving collateral. Proven ability to drive record-high marketing campaign response rates and execute successful product launches.

Skills

- | | |
|------------------------------------|-------------------------------------|
| 1 Marketing Strategies & Campaigns | 1 Focus Group & Market Research |
| 1 Corporate Communications | 1 Development of Training Materials |
| 1 Creative Team Leadership | 1 Sales Collateral & Support |
| 1 Product Positioning & Branding | 1 Public & Media Relations |
| 1 Web & Print Content Development | 1 New Product Launch |

Recent Awards

Award of Excellence for Outstanding Advertising (*HP "Road Warrior" campaign*), 2008

Gold Award for Outstanding Advertising (*IBM "Open Road" direct mail campaign*), 2008

Award of Excellence for Outstanding Advertising (*GM "Automotive Drive" campaign*), 2006

Action Award for Outstanding Advertising (*American Express "Hit the High Road" campaign*), 2005

Professional Experience

AIG, New York, NY – *Multimillion-dollar company selling automotive supplies and parts*

Marketing Communications Manager, 5/2003 to Present

Manage corporate marketing and communications functions, overseeing a \$2.3M budget and 8-member team. Direct brand management, PR, media relations, corporate positioning, product launches, advertising, sales collateral and tradeshow marketing.

Selected Accomplishments:

- | Developed and launched integrated, multi-channel print, catalog, web and direct marketing campaigns that propelled sales from \$3.2M (2003) to a projected \$9.5M by 2008 year-end.
- | Led market launch of 21 new products. Identified opportunities, researched new product possibilities, collaborated with engineering team and created campaigns generating \$2.6M in annual sales.
- | Created web portal to transform previously archaic intranet into a dynamic website improving communication flow and adding an effective sales tool for field reps.
- | Wrote catalogs, course guides and training brochures that enhanced the sales reps' understanding of complex product features and helped them sell more effectively.
- | Performed ongoing customer/market research and demographic profiling to identify and capitalize on unmet market needs ahead of the curve.
- | Produced media kit that demonstrated key marketing analytics and demographics for use in sales presentations. Efforts were credited as instrumental in closing numerous high-level deals.
- | Leveraged strengths in cost-effective marketing management and vendor negotiations to end each year an average of 15% under-budget (without compromising business growth goals).

IBM, Atlanta – *Full-service advertising, marketing and PR agency*

Marketing Supervisor, 2/2000 to 5/2003

Developed marketing programs for a variety of business-to-business clients. Used an integrated approach to create balanced programs for clients to build their respective brands and businesses.

Selected Accomplishments:

- | Expanded client base by 78% in three years by consistently delivering goal-surpassing marketing results and ensuring complete client satisfaction.
- | Closed new accounts as a member of business-development team, including a \$1.5M win with Delta Airlines and a \$1.2M win with Marriott International.
- | Earned commendations from client executives for communication deliverables that targeted desired audiences and articulated the value of products and services.

HP, Atlanta – *Leading advertising, direct marketing and communications agency*

Creative Director, 1/1998 to 2/2000

Manager, Creative Services, 8/1996 to 1/1998

Copywriter, 6/1995 to 8/1996

Advanced through a series of promotions, culminating in oversight of group copy division and 6-member creative team.

Created concept and copy for journal ads, direct mail campaigns and sales collateral for diverse clients and projects.

Selected Accomplishments:

1 Served as primary copywriter on advertising campaigns for multimillion-dollar accounts and successful product launches.

1 Assumed a lead role in pitch team meetings due to strengths in presentation and negotiation skills and helped close major accounts (\$500K to \$1M+ initial contracts).

1 Generated campaign response-rates of between 6% and 8% (up to 4 times the industry average).

Technology

Software: QuarkXPress, Photoshop, ImageReady, MS Project, Crystal Reports, MS Office (Word, Access, Excel, PowerPoint)

Web/Multimedia: ColdFusion, Flash, Dreamweaver, Fireworks, EMC Documentum, Visual SourceSafe, Search Optimization, Web Server Administration, Content Management Systems

Education

STATE University, NY

Bachelor of Science, 5/1995

1 Major: Communications

1 Minor: English

1 Graduated with high honors

Portfolio on Request 1 Available for Relocation

APPENDIX D - Manipulation of Qualification Level and Sex Identifier Using a Social Identity Theory Approach.

Under Qualified - Resume (Male)

Justin Pitts

New York | Phone: 202-878-6652 | jpitts@mail.com

Marketing Manager

- | Nationally award-winning marcom professional with 13 years of experience leading corporate marketing and internal communications for multimillion-dollar companies across diverse industries.
- | Respected leader of creative teams, multimedia divisions and corporate communications departments. Conceptualize and orchestrate marketing campaigns that effectively reinforce and build brand images.
- | Expert in the technical, conceptual and content development of sales-driving collateral. Proven ability to drive record-high marketing campaign response rates and execute successful product launches.

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| Corporate Communications | Development of Training Materials |
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Professional Experience

AIG, New York, NY – *Multimillion-dollar company selling automotive supplies and parts*

Marketing Communications Manager, 5/2003 to Present

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Education

STATE University, NY
Bachelor of Science, 5/1995

1 Major: Communications

1 Minor: English

1 Graduated with high honors

Affiliations

Loyal Order of Moose
Benevolent and Protective Order of Elks

Portfolio on Request 1 Available for Relocation

Under Qualified - Resume (Female)

Martha Stewart

Seattle, Washington Phone: 206-578-9752 mstewart@outlook.com

Marketing Manager

Nationally award-winning marcom professional with 13 years of experience leading corporate marketing and internal communications for multimillion-dollar companies across diverse industries.

Respected leader of creative teams, multimedia divisions and corporate communications departments. Conceptualize and orchestrate marketing campaigns that effectively reinforce and build brand images.

Expert in the technical, conceptual and content development of sales-driving collateral. Proven ability to drive record-high marketing campaign response rates and execute successful product launches.

Skills

Marketing Strategies & Campaigns
Corporate Communications
Creative Team Leadership
Product Positioning & Branding
Web & Print Content Development
Focus Group & Market Research
Development of Training Materials
Sales Collateral & Support
Public & Media Relations
New Product Launch

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Software: QuarkXPress, Photoshop, ImageReady, MS Project, Crystal Reports, MS Office (Word, Access, Excel, PowerPoint)

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Education

STATE UNIVERSITY, NY
Bachelor of Science, 5/1995
Major: Communications
Minor: English
Graduated with high honors

Affiliations

National Association of Professional Women

Portfolio on Request Available for Relocation

Over Qualified - Resume (Male)

Ryan Burns
rb@gmail.com
201-523-6734

SUMMARY RESUME

Senior Marketing Executive (VP/SVP/CMO) with 15 years experience guiding domestic/international marketing strategies for Fortune 50 organizations (Wal-Mart, Costco Wholesale) and leading global market penetration strategies in China, Japan, and India. Recognized expert in marketing, supply chain, and business operations

EXECUTIVE PROFILE

Senior Marketing Executive (VP/SVP/CMO) with extensive experience guiding domestic/international marketing strategies for Fortune 50 organizations (Wal-Mart, Costco Wholesale) and aggressive mid-tier category leaders (ELES Global Media, Lloyd Booth International). Recognized expert in global marketing, supply chain, and business operations. Chief architect of numerous successful market penetration strategies, including leadership of country-specific execution efforts in China, Japan, India, and dozens of additional countries around the globe. Masters Degree in Marketing & Management, combined with Graduate Program completion in International Management, eCommerce, and Six Sigma Methodology

CAREER HISTORY & ACCOMPLISHMENTS*VP of Global Marketing & Membership*

Wal-Mart Stores, Inc., Bentonville, AR: 2003 to Present

Recruited to join senior management team and drive global market strategy, brand promotion, merchandise sales, integrated marketing operations, and membership sales for Wal-Mart International (a \$57 billion division of Wal-Mart Stores, Inc., operating multiple retail formats in ten country markets) and SAM'S CLUB Global (a \$42 billion division, operating wholesale clubs in six country markets).

-- China/India Expansion Initiatives: Recently assumed leadership roles in Wal-Mart China's accelerated expansion effort, as well as in driving Wal-Mart's go-to-market entry initiative in India. As part of these assignments, have been traveling extensively to both countries to design, execute, and champion the success of numerous customer-centric marketing and merchandise initiatives. Key indicators of progress to date include a recent record \$8 million sales week at the Shenzhen, China SAM'S CLUB, reflecting the company's strategic decision to drive GM sales to China's rapidly growing middle-class segments.

-- Japanese Market Strategy: Leveraging over ten years of Japanese consumer market experience, and working closely with merchandise, marketing, and operations teams from JV partner SEIYU (\$10 billion Japanese retailer), helped develop, implement, and drive a branding and merchandise strategy designed to aggressively establish company brand clarity and market share in the extremely challenging Japanese retail environment. Developed market objectives and a lifestyle-focused, segment-centric market communications strategy that specifically targeted Japanese female consumers aged 19-35 (the highest value, highest disposable income, most dynamic consumer segment in Asia). Sponsored merchandise sales initiatives intended to fully leverage the global sourcing powers of Wal-Mart and designed to redefine the market demographics at SEIYU, attracting customers with larger average basket rings and higher margin apparel and general merchandise purchases.

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United States Marine Corps

Commissioned Officer: 1983 to 1989

-- Formally trained Logistician responsible for the maintenance management and operational readiness of multi-million dollar asset/equipment accounts. Commissioned Officer; held ranks of Lieutenant and Captain. Manager responsible for the training, morale, operational proficiency, and readiness of units/teams ranging from 20 to 200 personnel.

EDUCATION & TRAINING

M.A.B.A. Degree, Marketing & Management

B.A. Degree, Communications & History

Graduate Degree, International Management

Graduate, e-Commerce Marketing & Management

Graduate, GE Six Sigma Green Belt & Program Management Training

Language Skills: Intermediate Japanese.

Over Qualified - Resume (Female)

Karen Drake
kd@gmail.com
678-531-3333

SUMMARY RESUME

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-- China/India Expansion Initiatives: Recently assumed leadership roles in Wal-Mart China's accelerated expansion effort, as well as in driving Wal-Mart's go-to-market entry initiative in India. As part of these assignments, have been traveling extensively to both countries to design, execute, and champion the success of numerous customer-centric marketing and merchandise initiatives. Key indicators of progress to date include a recent record \$8 million sales week at the Shenzhen, China SAM'S CLUB, reflecting the company's strategic decision to drive GM sales to China's rapidly growing middle-class segments.

-- Japanese Market Strategy: Leveraging over ten years of Japanese consumer market experience, and working closely with merchandise, marketing, and operations teams from JV partner SEIYU (\$10 billion Japanese retailer), helped develop, implement, and drive a branding and merchandise strategy designed to aggressively establish company brand clarity and market share in the extremely challenging Japanese retail environment. Developed market objectives and a lifestyle-focused, segment-centric market communications strategy that specifically targeted Japanese female consumers aged 19-35 (the highest value, highest disposable income, most dynamic consumer segment in Asia). Sponsored merchandise sales initiatives intended to fully leverage the global sourcing powers of Wal-Mart and designed to redefine the market demographics at SEIYU, attracting customers with larger average basket rings and higher margin apparel and general merchandise purchases.

-- Global e-Commerce: Currently serve on Wal-Mart's Global.Com Governing Body, which plans strategy and development initiatives for one of the world's largest Internet e-Commerce operations. Assigned to lead a team tasked with aligning international e-commerce strategy and initiatives (across 17 website properties operating in ten different country markets) with key business goals. Initiated content assessment reviews and introduced business strategies to definitively improve site conversion rates and enable organization to better understand member geographic, demographic, and psychographic profiles. Developed segment-specific email marketing communications strategies to maximize revenue and ROI, in addition to a Phased Strategic Roadmap designed to: 1) Increase revenue growth; 2) Enhance member service levels; and 3) Drive member acquisition/loyalty.

-- Global Marketing Operations / Brand Management: Direct P&L responsibilities and accountability for achieving specific sales, margin, and ROI goals concerning SAM'S CLUB Global (55 million members). Drove operational execution of Relationship Marketing strategies and tactics that have directly resulted in a \$260 million incremental sales increase this past Fiscal Year, 48% growth of the international membership base, and 12-15% annual growth in sales outside the U.S. Working closely with divisional marketing and operations field teams in the United States, China, Canada, Puerto Rico, Mexico, and Brazil, spearheaded store-level CRM, channel integration, and member communications initiatives designed to transition markets to a systematic, organizational focus on membership quality. Conducted comprehensive market and segmentation research, established customer profitability gradients, and implemented program initiatives designed to enable SAM'S CLUB to better drive targeted sales and compete with competitors such as Costco Wholesale. Developed a strategic plan to substantively grow International Private Brand sales penetration (300+ PB items). Created Member Benefits Loyalty programs (encompassing Financial services; Web Site services; Insurance programs; Small Business services; etc.) to enhance the SAM'S CLUB membership value proposition and definitively impact global membership retention. Additionally, led a marketing and operations team that has established metrics and Key Performance Indicators, ROI benchmarking, and Implemented Six Sigma methodologies, resulting in substantive market efficiencies concerning ongoing Global Marketing Operations (CRM; Direct Mail Marketing; Integrated Media Campaigns; In-Store Merchandise Promotions).

Vice President Marketing / Managing Director

ELES Global Media, Inc., Yokohama, Japan: 2000 to 2003

Recruited to build and lead a Japanese team in the development, strategic planning, operational execution, and market launch of a portfolio of digital media properties targeting the multi-billion dollar global Distance Learning markets.

-- Raised venture capital, recruited staff, and negotiated partnership agreements with content providers, distance learning agencies, and media partners. Augmented email marketing initiatives with direct response media campaigns to spearhead an integrated marketing plan introducing media-rich English language instructional platforms to the global ESL (English as a Second Language) markets in Asia. Developed and implemented online membership marketing plans targeting specific demographic consumer segmentations in Japan, Taiwan, and South Korea. Supervised development and implementation of a strategic marketing and brand promotion program, offering dynamic English Language instruction and services to mobile Internet users in Japan.

Director of Marketing & Human Resources / Representative Director Japan

Costco Wholesale, Inc., Tokyo, Japan: 1995 to 1999

Promoted to establish a Marketing and Country Development Office for Costco Wholesale in Japan, as well as function as a Member of the Executive Team responsible for opening the first Costco location in Japan.

-- Developed and led execution of an integrated marketing and business plan designed to achieve 100,000 new Memberships and \$70 million in first-year sales within the Japanese market. Leveraged a very focused direct mail, telemarketing, and print media campaign that established the company brand in Japan (the second largest retail market in the world). Augmented direct marketing activities with foundational branding initiatives to aggressively and simultaneously promote both the wholesale and retail sides of the business. Served as First Jingi Bucho (head of Human Resources and People Development) for the company in Japan. Conducted extensive due diligence regarding Japanese Labor Law and wrote the Costco Japan Rules of Employment. Working closely with home office Human Resources, structured initial localized company wage/compensation, benefits, and bonus programs. Augmented existing corporate governance with localization initiatives specifically designed to rapidly assimilate Japanese employees into the Costco Japan company culture—in one of the more challenging global cross-cultural business and social environments.

-- Conducted extensive due diligence concerning Dai Ten Ho (Japan's Large Scale Retail Law) and led the development of the initial Five Year Strategic Development & Country Plan. Established supplier and public/private sector networking relationships to further understand the market and lay the groundwork for a definitive market entry strategy and rapid expansion of Costco Wholesale in Japan. Building on previously established merchandise sales relationships with national and regional retailers in Japan, conducted joint venture screening and M&A market assessment/feasibility studies. Worked with Real Estate and Development teams, and organized joint venture negotiations with retailers and local/city governments regarding site acquisition, permitting, and development. Developed and supervised the execution of a catalog sales and marketing plan to cost-effectively

market and sell imported merchandise to various Japanese consumer market channels. Managed a sales and marketing team that sold merchandise to retailers, wholesalers, and distributors across Japan.

Director of Export Operations

Costco Wholesale, Inc., Issaquah, WA: 1991 to 1995

Recruited to build an Export Sales Department for Costco Wholesale.

-- Responsible for establishing direct merchandise sales accounts in Japan, Taiwan, South Korea, Hong Kong, China, Thailand, Philippines, Singapore, Indonesia, Malaysia, Mexico, Venezuela, Brazil, Argentina, and France. Built and led a sales department that drove company export sales growth to \$60 million. Supervised the implementation of import logistics and merchandise replenishment programs for initial Costco locations in the United Kingdom, South Korea, and Taiwan.

General Manager of Import & Export Operations

Lloyd Booth International, Inc., Tacoma, WA: 1989 to 1991

-- Founded trading company handling diverse product lines. Exported sporting goods and auto accessories to European and Asia-Pacific markets. Established affiliated offices in Taiwan and Thailand. Imported seasonal furniture, garden accessories, and general merchandise for U.S. big box (Costco, Price Club, Home Depot, etc.), specialty retailers, as well as wholesale distributors.

United States Marine Corps

Commissioned Officer: 1983 to 1989

-- Formally trained Logistician responsible for the maintenance management and operational readiness of multi-million dollar asset/equipment accounts. Commissioned Officer; held ranks of Lieutenant and Captain. Manager responsible for the training, morale, operational proficiency, and readiness of units/teams ranging from 20 to 200 personnel.

EDUCATION & TRAINING

M.A.B.A. Degree, Marketing & Management

B.A. Degree, Communications & History

Graduate Degree, International Management

Graduate, e-Commerce Marketing & Management

Graduate, GE Six Sigma Green Belt & Program Management Training

Language Skills: Intermediate Japanese.

AFFILIATION

National Association of Professional Women

APPENDIX E - Dependent Variable

A. Please rate each applicant's overall suitability for the job of Director of Marketing on a five point scale with higher scores indicating better suitability.

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

B. What salary offer would you recommend for this applicant?

APPENDIX F - Manipulation Checks

1. What position did you hire for during this activity?
2. Will this position make an impact on marketing activities both internationally and domestically?
3. How many years of marketing experience is required?
 - A. 7
 - B. 9
 - C. 10
 - D. 5
4. What kind of degree is required for this position
 - A. High School Diploma
 - B. Bachelor's Degree
 - C. Master's Degree
5. What kind of degree is preferred for this position?
 - A. High School Diploma
 - B. Bachelor's Degree
 - C. Master's Degree
6. What is a modest salary offer?
 - A. Between 85,000 and 100,000
 - B. Between 91,000 and 150,000
 - C. Between 60,000 and 85,000
7. Does the leader reviewing the resume have the liberty to offer a salary below, between or above the suggested salary range?
 - A. True
 - B. False
8. Were you able to identify the sex of the applicant?
 - A. Yes
 - B. No