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The Impact That Organizations and Managers Have on the Gender Wage Gap

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THE IMPACT THAT ORGANIZATIONS AND MANAGERS HAVE ON THE GENDER WAGE GAP

A PRESENTATION ON RESEARCH CONDUCTED BY HANNAH J. DAIGNEAULT

Introduction

The Gender Wage Gap has been documented since the 1960s yet women still face disadvantage in their earnings compared to their male counterparts today. Many scholars attribute the gender wage gap to human capital factors such as educational attainment and workforce experience. While human capital factors are not irrelevant, organizational factors better explain the gender wage gap. In addition to explaining the organizational factors that influence the gender wage gap, I will delve into the pivotal role managers play in maintaining the gender wage gap.

Why Does the Gender Wage Gap Matter?

A gender wage gap results in the female segment of society being disadvantaged in their earnings compared to their male counterparts. This disadvantage that women face in earnings mitigates their opportunities to earn more and ultimately shape their career outcomes. Women will continue to be disadvantaged in their attainment until gender wage equity is reached.

Key Statistics

Job segregation is an organizational factor that impacts the scope of the gender wage gap. For this reason, statistics surrounding the gender will be provided for the 20 most common occupations for women and for the 20 most common occupations for men.

All statistics provided below reflect full-time workers age 16 years or older in the United States. Median weekly earnings are used to measure wage inequality in this research.

- There was a gender wage gap of 18.9% for women in all occupations in 2018
- Women earned less than men in 18 of the 20 most common occupations for women
- Men earned more than women in all 20 of the most common occupations for men
- The largest gender wage gap in 2018 in the 20 most common occupations for women was in the financial services industry at 29.3%
- There are multiple occupations within the 20 most common occupations for men where there were too few females employed to gather gender wage gap data

Organizations and the Gender Wage Gap

Firms shape workers' careers through setting personnel policies that are derived from the organization's internal labor market. This research focuses on compensation systems within firms. The manner in which organizations match workers to their positions impacts the distribution of rewards across the organization. Within wage-determination systems is where the sources of gender wage inequality is intertwined and hidden. These sources include gender segregation, gendered valuations that cultures assign to occupations, and discrimination and favoritism.

Managers and the Gender Wage Gap

Organizations appoint managers who will recruit employees that will help fulfil organizational objectives. Once an employee is hired, the manager oversees and rates their performance. Performance ratings are subject to social cognition of the manager. Additionally, the social network influence between a worker's current and former manager can adversely impact the gender wage gap. These factors are exaggerated in pay systems that are less formalized.