Dismantling Bias Conference Series

Does being different pay? An examination of the effect of gender dissimilarity on pay

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DOES BEING DIFFERENT PAY? AN EXAMINATION OF THE EFFECT OF GENDER DISSIMILARITY ON PAY

Women who are dissimilar from their workgroups often work in male-dominated contexts where, for a variety of reasons, they face barriers to equality. Kanter's groundbreaking work on tokenism (1977) illustrated the challenges women face in these contexts. Indeed, being one of the few women in a room is often a negative experience that leads to reduced satisfaction, lower performance, and increased turnover (Joshi et al., 2011). However, recent research suggests that the effect of gender dissimilarity on individual-level outcomes is mixed, especially for women. In one study, women preferred joining male-dominated, compared to gender-balanced teams, when they were expected to compete against team members (Kirgios et al., 2020). Similarly, women preferred being tokens because they viewed other women as competitive threats (Duguid, 2011). Further, Bonet and colleagues (2020) found that executive women ascended the corporate ladder faster than men, but this advantage disappeared when there was more than one female executive. Combined, this emerging research suggests the opposite effect of previous research: some women may prefer being dissimilar and be rewarded for it.

Inconsistent findings are oftentimes the result of unmeasured contextual factors, especially when studying the effect of diversity-related constructs (Joshi & Roh, 2009). While few scholars have examined how higher-order contextual factors influence the effect of gender dissimilarity, recent studies suggest that the institutional pressure faced by organizations is one reason women may benefit. In the same study mentioned above, Bonet and colleagues (2020) found that the benefit of being a woman dissipated as the number of women increased on the top management team, which they argued was due to institutional pressure to 'keep her versus hers'. Similarly, Dezso and colleagues (2016) found there is an implicit quota on the number of female executives, which they argued is due to external pressure to have women in leadership positions, but only up to a point. This finding is consistent with other research, which shows that, especially in the upper echelons, firms adhere to external pressures to have no more than two women (Chang et al., 2019). Although these findings do not explicitly examine whether institutional pressures translate into economic benefits for dissimilar women, they do show: a) that firms actively choose to put in less effort when there is at least one woman present in a workgroup (or two women) because of institutional pressures and b) the powerful role that context plays in how gender dissimilarity manifests in the workplace.

Building on this work, we argue that the institutional context in which women are dissimilar may affect whether they benefit from being different. We focus on an objective work outcome, pay, which is considered to be an objective representation of an individual's economic worth, yet it is often determined based on factors other than human capital and performance, such as one's demographic characteristics (Blau and Kahn, 2017). In this paper, we argue that context is an important, yet underexplored, determining factor in how gender dissimilarity affects pay and that in certain institutional environments—those that are male-dominated, where pressure for gender equity is high—women may counterintuitively benefit from being dissimilar. Thus, while the experience of being dissimilar in male-dominated contexts is often negative for women, we propose an unexpected economic benefit in certain contexts. Our focus is on individuals within the technology industry, defined as industries that employ a high concentration of employees in STEM occupations and emphasize invention and innovation as part of their business strategy (Smith et al., 2005). The technology industry has been dominated by men, especially in technical and leadership roles (EEOC, 2016), and has recently come under pressure to reduce gender inequality (Cardador, 2017), specifically in pay (Arjuna Capital, 2021).

We test our hypotheses using data from three sources. First, we use publicly available proxy data to examine how the effect of gender dissimilarity on pay is different for technology firms compared to all others. Second, we use data from a publicly-traded technology firm to examine the effect of gender dissimilarity on worker pay and compare the effect for tech workers versus non-tech workers. Further, in this firm, we examine two reasons—impression management concerns and attributions of work capability— to explain why gender dissimilarity has a positive effect on women's pay. Finally, using experimental data, we test whether gender dissimilarity causally influences the pay of female technical workers.

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