Women have made great strides in education and career opportunity selections since the passage of the Equal Pay Act in 1963. Despite these many gains, female remuneration has not kept pace. The gender pay-gap continues to exist with serious consequences for women and the families that depend on their earnings. The gap is presented and framed historically and legislation is presented that has influenced women's pay. A variety of explanations for why the gap continues are explored and debunked. The effects of the pay gap are presented and analyzed with policy initiatives offered underscoring possible solutions.

**Keywords:** pay, compensation, gender, inequality

**Introduction**

The working world has changed dramatically for women over the past several decades. Societal attitudes have changed regarding the role of women in the house and at work. Aided by laws that have provided increasing opportunities, women’s presence in the labor force has steadily increased. According to the Bureau of Labor Statistics (2010a), 47% of all employees are women with an unemployment rate of 8% compared to men who comprise 53% of the labor force with an unemployment rate of 9.8%. Men’s occupations have been especially hard hit with job losses during the recent recession with construction and manufacturing taking inordinate job losses thus explaining some of the differences of unemployment rates by gender (Bureau of Labor Statistics, 2010a). The coined term “Mancession” has even been used to show the disproportionate impact of job loss on men compared to women during the recent recession (Baxter, 2009; Thompson, 2009; White, 2010). Consequently, the importance of women’s earnings has never been more significant to the financial health of family households.

In educational attainment, women still hold fewer university degrees than men when comparing the total population over 25 years of age. However, for the age demographic of 35 to 44 years, women earned Bachelor’s degrees or higher at a rate of 31.7% compared to men with similar educational achievements at only 29%. This trend appears to be continuing where the age range of 18 to 24 years showed women earning bachelor or higher degrees at a rate of 10.9% compared to men who had a rate of only 7.2% (U. S. Census, 2010a).

Women have made inroads earning law, business, and medical degrees but still lag men in these fields (U. S. Census, 2010a). Despite trailing men in these fields, women are no longer restricted to working jobs only in domestic work, nursing, clerking, or teaching. It might be said that we currently live in the age of great women role models where Supreme Court Justice Sonia Sotomayor, Surgeon General Regina M. Benjamin, and Secretary of State Hillary Clinton lead the way. With these achievements, many feel that the battle for gender equality and gender discrimination no longer exists. With men’s job losses grabbing headlines, the gender gap measured by many metrics has shrunk to the point that the issue appears irrelevant and not even referenced on most literary forum’s back pages.

The relevancy of the topic is the focus of this investigation. First, the gender earnings gap will be explained. This will include a discussion on the current state of the gap and some historical reference to where the issue of equal pay began. This will be followed by a brief discussion on legislation that has influenced the issue of gender pay equality. Next, some critical
For decades, wage discrimination in the United States was perfectly legal. The rationale behind this was that women needed less money because female economic requirements in society were shouldered by parents until marriage where economic responsibility was then shifted to husbands. An interesting influence on lower pay came about because of minority and immigrant female employee experiences. Their lower rates of pay were exacerbated due to discrimination on the basis of ethnicity and not gender. When employment opportunities for these groups opened due to societal changes, their wages were set at one-half to two-thirds those of males due to race and ethnicity considerations. These women were allowed to work in positions and felt fortunate to be employed despite lower wages. Despite women performing jobs with equal professionalism and productivity as men, their rates of pay were less. Over time, employers hired more women regardless of race and ethnicity and the discriminatory rate for minority and immigrant women became the going rate (Bravo, 2003). Employers had an economic incentive to hire women and pay less.

The presence of women in the work force increased profoundly during World War II. Men were compelled to enlist in military service and war production required a growing workforce. Consequently, women had to pick up the slack in the American labor market building weapons needed for the war. With large numbers of American women taking jobs in war industries, the National War Labor Board urged employers in 1942 to voluntarily make "adjustments to equalize wage rates paid to females and males for comparable quality and quantity of work on the same or similar operations" (Bravo, 2007, para. 1). Despite the voluntary request few employers made adjustments and as the war wound down to the end most women were pushed out of their new jobs to make room for returning veterans (Brunner, 2007).

Legislation Influencing Pay and Gender

Until the early 1960s, newspapers published separate job listings for men and women. Jobs were categorized according to sex, with the higher level jobs listed almost exclusively under "Help Wanted—Male" (Brunner, 2007, para. 3). In some cases employment advertisements ran identical jobs under male and female listings with separate and unequal pay scales. As late as 1960, women with full time jobs earned on average between 59–64 cents for every dollar their male counterparts earned in the same job (Brunner, 2007). Not until the passage of the Equal Pay Act on June 10, 1963 was it illegal to pay women lower rates for the same job strictly on the basis of their sex. Demonstrable differences in seniority, merit, the quality or quantity of work, or other considerations might merit different pay, but gender could no longer be viewed as a drawback on one's resume.

Two landmark cases further defined and strengthened actions against gender-based pay discrepancies as dictated by the Equal Pay Act of 1963. Shultz v. Wheaton Glass Co, was a case heard
before the United States Court of Appeals in 1970. It is important in that it underscores the impact of the Bennett Amendment on Title VII of the Civil Rights Act of 1964. The Bennett Amendment incorporated explicit sex-discrimination considerations into Title VII of the Civil Rights Act where employers are required to ensure equal pay for men and women doing work of equal skill, knowledge, and responsibility (Luna, 2003). In its rulings the court determined that a job that is "substantially equal" in terms of what the job entails, although not necessarily in title or job description, and is therefore protected by the Equal Pay Act and Title VII of the Civil Rights Act. An employer who hires a woman to do the same job as a man but gives the job a new title in order to offer it lower pay is discriminating under legislation (Moore & Abraham, 1994).

Corning Glass Works v. Brennan was heard by the United States Supreme Court in 1974. The Court ruled that employers cannot justify paying women lower wages because that is what they traditionally received under the "going market rate" (Brunner, 2007, para. 5). A wage differential occurring simply because men would not work at the low rates paid women was an unacceptable rationale for having this type of pay practice (Brunner, 2007). This discouraged employers from offering wages well below the going rate for the purpose of attracting female employees who had a more limited selection of employment opportunities.

Lilly Ledbetter Fair Pay Act was introduced January 2009 by then Senator Hillary Clinton and Rep. Rosa DeLauro to strengthen the Equal Pay Act of 1963. This Act is named after a former Goodyear employee who alleged that she was paid fifteen to forty percent less than her male counterparts, which was later to be found accurate (Brunner, 2007). The main purpose of the bill is to expand damages under the Equal Pay Act and provide for full compensatory and punitive damages. The Lilly Ledbetter Act prohibits employers form punishing employees for sharing salary information with their coworkers when the focus of the sharing is concern over discriminatory pay practices (National Women’s Law Center, 2010). Interestingly, the Lilly Ledbetter Act preceded a piece of British legislation addressing pay secrecy clauses in a similar fashion (Freshfields, Bruckhaus, & Deringer, 2010). Both allow employees to discover wage disparities and to evaluate whether they are experiencing wage discrimination. Passage of the legislation restores an earlier position of the EEOC whereby each paycheck that delivers discriminatory compensation is a wrong actionable under the federal EEO statutes regardless of when the discrimination began. This Act also allows pay discrimination victims to a file a complaint with the government against their employer within 180 days of their last paycheck. In the past, employees were only allowed 180 days from the date of the first unfair paycheck (National Women’s Law Center, 2010).

The blatant gender-based pay discrimination seems archaic today as does the practice of sex-segregated job listings. The workplace has changed radically in the years since the passage of the Equal Pay Act, Title VII of the Civil Rights Act and continues changing with the Lily Ledbetter Fair Pay Act. What has not changed radically, however, is women’s pay. The wage disparity has narrowed from 59 cents to 80 cents per male dollar, but it still remains significant.

Why Does the Pay Gap Still Exist?

There have been many assumptions made as to why the gender pay gap still persists with women making less money than men. One assumption is that women earn less because they are missing from the workforce. However, the gender wage gap is figured by comparing the earnings of full time working men against full time working women. If a woman is not working full time, then her earnings are not added in the earnings gap computation. Expanding the argument to include educational attainment suggests that education plays a key factor in pay disparities. Logically the argument makes sense because people who add education and skills should be more valuable as employees. If someone exceeds another in education and experience they should be compensated more. Research found that the gap actually increases when analyzed in conjunction with education level. Higher levels of education increase women’s earnings as they do for men. There is, however, no evidence that the wage gap closes at higher levels of education (Compton, 2007). Sadly, the opposite is shown to be true in that at higher levels of education the gap is the largest. Comparing similar higher educated male and female employees produces the largest pay inequality (Compton, 2007).

Performance is frequently cited as an explanation for pay differences especially at exempt level jobs incorporating executive management levels within organizations. Catalyst (2007), a nonprofit corporate membership research and advisory organization, released a report that analyzed performance levels of Fortune 500 companies. Those with the highest representation of women on the board of directors performed significantly higher than those with fewer female directors. Specifically, return on equity, return on sales, and return on invested capital were higher by 53%, 42%, and 66% respectively for organizations with more women Directors. The data clearly show a strong correlation between good financial performance and gender diversity. In a study conducted at Carnegie Mellon University, Babcock (2002) found that men graduating from that university with master's degrees were eight times more likely to negotiate starting salaries and pay than their female counterparts. In a follow-up study, Small, Babcock, and Gelfand (2003) found that women more than men said they felt a great deal of apprehension about negotiating starting salaries. Women’s reluctance to negotiate pay may help explain differences in pay and this reluctance may be tied to the female socialization process that perpetuates pay disparity (Babcock & Laschever, 2003).
Hekman, Aquino, Owens, Mitchell, Schilpzand and Leavitt (2010) published an article shedding light into gender pay differences including the intervening factor of race. The researchers found that customers prefer White men over equally-well performing women and minority employees and therefore may help to explain why White men continue to earn more than other types of employees. The study’s authors found that customers who viewed videos featuring a Black male, a White female, or a White male actor playing the role of an employee helping a customer were 19% more satisfied with the White male employee’s performance. Customers also rated store cleanliness and appearance higher with the White male employee despite the fact that those store conditions were experimentally controlled and the same across all employee demographics. The experimental design required all employees to perform identically reading the same script in the same location with similar camera angles and lighting. Interestingly, 45% of the customers were women and 41% were minority indicating that even these groups of customers preferred White male employees.

An additional experiment in the Hekman et al. (2010) article used race in a physician with patient scenario. The authors found White male doctors were rated as more approachable and competent than equally-well performing women or minority doctors. Hekman et al. (2010) suggested that employers are willing to pay more for White male employees because employers are customer driven and customers are happier with White male employees. The poignant conclusion is that what is required to solve the problem of wage inequality isn’t necessarily paying women more but changing customer biases. Another explanation for the gender earnings gap focuses on the type of work men do compared to women. Men are more frequently associated physically dangerous jobs which typically pay more. This notion is supported by data showing that men accounted for 92% of workplace fatalities in the United States in 2006 (U. S. Bureau of Labor Statistics, 2008). Due to hazards associated with these jobs many employers offer a danger premium to entice workers to take these hazardous jobs. Typically women are not willing or physically able to take these jobs even for higher wages (Farrell, Svboda, & Sterba, 2010).

A contrary argument is that the most dangerous jobs in the United States are not necessarily male but more often very low-paid jobs where immigrants and other workers having few occupational options and end up taking this type of employment. The U. S. Bureau of Labor Statistics (2008) investigated job traits that are associated with wage premiums. Their analysis on job attributes relating to physically demanding or dangerous jobs showed that there is no affect on wages. Women are frequently segregated into pink collar jobs and these jobs often are lower paid. Known as occupational segregation, the reference includes examples such as truck drivers are dominated by men and child care workers are dominated by women. Wage analysis across occupationally segregated jobs show that on average, women cluster around lower-paying jobs compared to men (U. S. Bureau of Labor Statistics, 2009). According to the National Organization for Women (2009), researchers using data collected and analyzed from the Department of Education found that women overwhelmingly work in low-wage low-skill fields. For example, women comprise 87% of workers in the child care industry and 86% of the health aide industry.

As articulated by Neumark (1996), disagreements abound as to why the earnings gap remains. One position is that the difference in pay reflects a tendency of women to freely choose low-wage jobs because women prefer less dangerous positions or more flexible work schedules. Another perspective is that both discrimination by employers and social expectations steer women into lower-paying occupations compared to men. With so many women crowding so few female dominated occupations the effect is to drive down wages. It may be as simple as supply and demand (Neumark, 1996).

Another set of factors needing comment include the personal choices made by men and women and how they differ. Selecting a university, choosing a college major, hours worked a week, the amount of years worked, and in what jobs to take might all be considered. Steinberg (2009) analyzed career plans of high school valedictorians in the United States. She found that female valedictorians planned to have careers that had a median salary of $74,608 compared to male valedictorians where planned careers led to a median salary of $97,734. Steinberg (2009) suggested that female choices factored in work and family balance where male choices did not. Women prioritize social and family life before embarking on careers and this restricts their choices in that they avoid jobs that require long inflexible hours and extensive travel.

The family factor cannot simply be ignored. The biological fact of women having children has a negative effect on wages (Compton, 2007). For employers, economic risks or more precisely, the resulting costs of women having children and leaving work for a period of time, while not politically correct, is a consideration. This is especially true for executive or hard to replace positions where it is much safer for a man to be hired rather than risking losing a female job holder (Compton, 2007). Wages reflect this reality. Among married people working full-time with no children, women earn 76.4% of men’s weekly median income. This drops to 73.6% for women with children (U. S. Census Bureau, 2010b). The more likely a woman is to have dependent children and be married the more likely she is to be a low earner and have fewer hours in the labor market. Interestingly, men with children under the age 18 earn 122% of what men without children earn (U. S. Census Bureau, 2010b). For men, the exact opposite situation exists. Marriage and dependent children make it much more likely that a man has higher earnings.
So the argument is that the difference between men and women salaries comes down to individual lifestyle preferences. The choice of millions of mothers is to decide the priority between children and careers (Doughty 2008). The unanswered question is why does a woman’s inherent right to have children become the basis for wage inequality?

Effects of the Pay Gap
Rose and Hartmann (2004) authored a study funded by the Institute for Women’s Policy Research (IWPR) to determine the effects of the long term earnings gap and its implications for women, families, and the labor market. The study titled Still a Man’s Labor Market: The Long-Term Earnings Gap used data from a 15-year longitudinal effort. The authors found that over that period women earned 62% less than men or only 38 cents for every male dollar earned. Over the 15 years of the study, the average prime age working woman earned $273,592 while the average working man earned $722,693 across all job categories. The gap widens to $1.2 million for White collar jobs. The study sheds light on the costs over time for women and their families where women make most of the adjustments of time in the labor market to perform family related responsibilities. The authors highlight some issues previously mentioned. Women are much more likely than men to have persistently lower earnings; that women continue to work disproportionately in occupations where the majority of workers are of their own sex; that men’s jobs involve longer working hours and that the pay premium for male jobs far exceeds the additional hours worked. Rose and Hartmann (2004) suggested that this reinforcing cycle of inequality in the labor market and in the distribution of domestic work resulting in low pay for women is particularly damaging to the growing number of single female headed households.

One area that disproportionately impacts on single female headed household employees is the time given up at work for family related responsibilities. Single headed households with children do not have the luxury of two incomes from a dual-earning family. Since single female headed households are five times more prevalent in society compared to single male head of households (U. S. Census Bureau, 2003), women’s pay inequality is magnified in these situations. Rose and Hartmann (2004) indicated that in their study over a 15 year period, only 48.5% of women earned wages all 15 years compared to 84% of men earning all 15 years. Also three out of ten women went without earnings four or more years compared with one out of twenty men. Women on average also work twenty two percent or 500 hours less than men, even during the years when both men and women earn wages.

Even when women work the same hours as men, they earn only 69.6 cents per male earned dollar. Astonishingly, one in three women had four or more years with earnings below $15,000 compared with one in fourteen men. The result is that 90% of those who average less than $15,000 per year are women with many as single head of household employees. The 15-year longitudinal study offered the following summary in explaining the wage disparity between men and women:

1. Women on average earn less than men over the 15 year period.
2. Gap is partially due to differences in number of years out of the labor force.
3. Gap is partially due to differences in hours worked when working.

Policy and Employment Practice Suggestions
Gender pay inequality is a complex and challenging issue without any simple prescriptions. The factors contributing to the long-term pay gap include continued direct discrimination in the labor market; the undervaluation of work typically performed by women; the lack of systematic work that provides for family support; the particular disadvantages faced by the growing number of women-headed households and others. As a consequence of the problems addressed previously, we suggest the following policy and employment practice considerations to help address gender pay inequality.

Enforce Existing Policies that Reduce Sex Discrimination
The recent economic downturn has squeezed the funding of Federal agencies that have responsibilities for discrimination enforcement (NAACP, 2009). We suggest providing more resources to oversight agencies including the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance Programs (OFCCP) to strengthen the enforcement of equal opportunity laws that currently exist. Without adequate funding, enforcement agencies have inadequate resources to ensure legal employment practices addressing pay fairness are followed. The Lily Ledbetter Act, if rigorously enforced, should also limit employer gagging clauses that prevent employees from disclosing their salaries in ascertaining whether pay discrimination exists.

Encourage Family Friendly Employment Practices
Work and family balance is now more than fashionable for employers, it is cost effective (Fortune, 2011). Offering affordable, good quality daycare for children has many benefits, including making it easier for mothers to stay in the workforce. Other practices enhancing the family-friendly work environment include flextime (flexible hours), family paid leaves for sickness and family care, restrictions on mandatory overtime, and job sharing. Single head-of-household employees are acutely aware of the needed flexibility. Without family-friendly benefits, employees are sometimes forced to decide between working and not working. Even in dual earner households, women tend to be the ones who sacrifice work hours for family needs perpetuating the perception that jobs held by females are less important.
We suggest that more employers need to develop and offer employment practices that are mentioned above. While this suggestion is not a new perspective, many employers continue to lag leading firms in offering family-friendly benefits and hold the belief that these employment practices are not cost effective and only politically correct (Lewis & Campbell, 2007). The benefits of these employment practices need to be better communicated and promoted thereby improving the likelihood of adoption by more employers.

**Improving Female Career Planning Services**

Improving career counseling for girls and young women opens the door to better employment opportunities. Despite gains for women earning university degrees, we suggest continuing efforts in high schools and universities to provide better education and career information to women. This information can help women make better choices that lead to higher paid employment opportunities.

**Public Policy Enforcement Supporting Women-Headed Households**

We recommend that State agencies responsible for collecting income from non-custodial fathers be more rigorous in their collection efforts. These collected monies enhance income levels of families headed by single mothers who are much more likely to live in poverty. Increased family income allows women greater opportunities for vocational training and educational programs making it more likely for single mothers to participate in the labor market.

**Policies Addressing the Low-Wage Labor Market**

While politically controversial, we recommend policies raising the minimum wage and encourage the rigorous enforcement of National labor laws protecting the rights of employees to form unions. These actions will provide higher wages and increased access to benefits for low-wage workers who are disproportionately female. Low income service occupations such as child care and housekeeping services are prime examples of categories where women predominate the workforce, have minimal union representation, and have few to no benefits (Service Employees International Union, 2011). For those resistant to these suggestions, the fact remains that the costs associated with these families are already paid by society at large. If higher earnings result from these actions, societal costs incurred from food assistance and Medicare can be reduced.

**Conclusion**

The gender wage gap is a problem that society will face indefinitely if it continues to be ignored. The true costs for society are not just inferior female earnings. Lost energy, expertise, potential skills, and the costs associated with the low-wage population are borne by all. Acknowledging that the wage gap exists and communicating its existence to the public more vociferously is the starting point for addressing the issue. Employers need to embrace the challenge of work and family balance recognizing that problems at home result in lower performance at work.

**References**


