

Continuing the Conversation

Occupation, Experience and (For-Men-Only) Parental Leave

April is the month
when, symbolically,
women's average
earnings in the United
States catch up to men's
from the previous year.

OK. Acknowledged. But let's not stop there. Last month's column from Mike Davis, former WorldatWork Board Chairman, discussed at length the gender pay gap and included a call to action for the compensation profession. To keep the discussion going on this important issue, let's reflect for a couple of minutes on what's new in the research about the gender pay gap that could aid those wanting to take up Davis' charge.

What We Know

Let's start with being very clear about something we do know — that most statistics you hear about the gender pay gap, including the statistic that women earn 77 cents on the dollar to men, do not take into account the significant differences in factors that explain much of the gap, such as job rank, years of experience, occupation or industry. Alone, the industries and occupations women choose, or are channeled into, explain roughly half of the earnings gender gap for full-time workers. (Francine Blau and Lawrence Kahn, "The Gender Pay Gap: Have Women Gone as Far as They Can?" *Academy of Management Perspectives*, February 2007.)

Another very important factor is work experience. We know that women, on average, have less (and less continuous) work experience. Family-friendly policies, such as parental leave, are seen as one way to keep women in the labor force. Many organizations are offering parental leave benefits beyond those required by law, and more countries are expanding parental leave policies — all changes that offer opportunities for evidence-based learning on how workplace practices can affect the gender neutrality of pay outcomes.



Cornell University
ILR School
Institute for Compensation Studies

Linda Barrington
Executive Director
Institute for Compensation Studies
ILR School at Cornell University

Unintended Consequences

One thing we're learning from new research on changing parental leave policies is that such policies can have unintended consequences, potentially and paradoxically worsening the gender pay gap. For example, in "Female Labor Supply: Why Is the United States Falling Behind?" (*American Economic Review*, May 2013), Francine Blau and Lawrence Kahn assess the generosity of parental leave and part-time work regulations across countries in the Organization for Economic Co-operation and Development. Through this macro-level lens, they find that these policies do contribute to greater participation by women in paid employment outside the United States. But, this gain comes largely through working more in part-time jobs. This, they warn, could actually "reduce women's representation in high-level jobs, which generally require full-time, full-year, career-long commitments."

Analyzing rich micro-level work histories and family data from Sweden, Marie Evertsson and Ann-Zofie Duvander reach a similar conclusion. They find that women who took advantage of parental leave for 16 months or longer experienced a negative effect on future upward mobility when back at work. ("Parental Leave — Possibility or Trap? Does Family Leave Length Effect Swedish Women's Labour Market Opportunities?" *European Sociological Review*, August 2011).

Important to ask, and unanswered by the research to date: Is this worsening opportunity of promotion due to a real and unrecoverable loss of experience, or is it due to biased presumptions about the "seriousness" or potential of these women? These are the more murky complexities of the gender pay gap. Diving into the murky depths of a problem's complexity, however, is how progress gets made. And, there are two very interesting new studies that may shine some light for us here.

Getting Dads to Stay Home

Parental leave helps to keep women from dropping out of the labor force, but if they are more likely to use it than men, there's a limit to its impact on closing the gender pay gap. So, how can men *and* women be encouraged to take equal advantage of family-friendly policies? One answer, intuitively obvious perhaps but not easy to initiate: just get the ball rolling and others will follow. Gordon Dahl, Katrine Loken and Magne Mogstad estimate male employees of small- and medium-sized Norwegian companies are 11 percentage points more likely to take paternity leave if a male co-worker did, and 15 percentage points more likely to if a brother did. ("Peer Effects in Program Participation," *American Economic Review*, July 2014.) Additionally, they find that this peer effect "is amplified over time within a firm, with each subsequent

birth exhibiting a snowball effect ... through the firm network as the first peer interacts with a second peer, the second peer interacts with a third, and so on."

But how to get the ball rolling? Illuminating new research by Ankita Patnaik, a Ph.D. student at Cornell University, found that a "daddy quota" on parental leave improves the take-up rate by men and creates a lasting effect on the balance of household work. ("Reserving Time for Daddy: The Short and Long-Run Consequences of Fathers' Quotas," mimeo, Jan. 14, 2015.) In Quebec, a new parental leave benefit reserves five weeks for the father only. The family, mother or father, has 50 weeks of leave available, but an additional five weeks is available only to the father; he takes it or the family loses it. Patnaik statistically isolates the effect of the "daddy-only" label by accounting for available leave before or after the policy change and concludes that the "daddy-only label establishes a father's individual right to leave, removes the need to negotiate with his wife, and improves his bargaining position with employers and co-workers. It may possibly even introduce stigma against those who do not utilize this generous opportunity to spend time with their children."

The outcome was good for the mothers too. Working mothers dedicated more time to paid work, and "consequently earned significantly more." In other words, male employees appear more ready and willing to "lean in" at home, helping to shrink the gender gap, if a specific family-friendly benefit is viewed as "for men only."

What's Next?

Setting aside the unlikely outcome that family leave benefits designated solely for male employees become wildly popular in workplaces across the globe, are there broader lessons to be learned from reflecting on the gender neutrality of our own organizations' total rewards practices? For example, in our workplaces, how much noncash compensation is left on the table, and by whom, because of assumptions or biases held by employees? How big are snowball effects among our employees and peers, and how can this peer effect be leveraged for better total rewards outcomes across all employees? Wading into the murk of gender pay neutrality can ultimately benefit our organizations overall. **WFS**



got a question

The Institute for Compensation Studies (ICS) at Cornell University analyzes, teaches and communicates about monetary and nonmonetary rewards from work, and how rewards influence individuals, companies, industries and economies. ICS research and leading-edge insight address compensation issues challenging employers and employees in today's dynamic global marketplace. www.ilr.cornell.edu/ics | facebook.com/ICSCornell

Send topic suggestions to ics-ilr@cornell.edu.