

## THE PRICE IS PRODUCTIVITY: WAGE JUSTICE IN THE UNITED STATES

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Wages, especially recently, have become a very controversial topic. In terms of wage justice, the debate becomes more controversial due to the ambiguity surrounding the factors that determine a fair wage. Obviously, no intelligent, savvy CEO will pay his or her employees more than they produce for the company. Were this to occur, bankruptcy would be the inevitable result. However, a debate occurs when discussing how to reconcile wages with profit. Companies want to maximize profits, while employees want to maximize their personal wage earnings. A seemingly easy solution would be to pay employees according to their productivity levels. If an employer were to pay every employee exactly what he or she contributed to the company, the company would make no profit; therefore, the businesses would have no incentives to produce their products.

So how should an employer resolve this dilemma? What should be the relationship between wages and the productivity of each employee? One ignorant method is to base decisions on assumptions found in stereotypes. For example, all teenagers are lazy and far less productive than adults. Assuredly, this is an accurate description of some teenagers, but to assume such a handicap of all of this age cohort is to generalize an entire demographic of the possible workforce.

Ageism is only one prejudice used to choose the "best" employees. While racism is the most well known bias that affects employment, the one that often goes overlooked is sexism. Sexism affects the job market by creating a glass ceiling for women looking to join and advance in the labor force. A huge gender wage gap came into existence as soon as women entered the workforce. As time moved on and more women found jobs, the wage schism did not significantly close. In fact, census reports and an Economic Policy Institute study confirms that an income gap still exists today and may be increasing.<sup>98,99</sup> In the mid 1990s, women earned approximately 75.7 cents per every dollar earned by a man; currently, women earn about 74.7 cents per male

dollar.<sup>100</sup> Besides the wage schism, double standards also imbue the labor market. When a man is described as "goal-orientated," a woman with the same characteristics is typically described as "aggressive."<sup>101</sup> The proverbial "third strike" comes from the problem that "many companies have not yet placed the development of female capital high on their strategic priority lists."<sup>102</sup> Essentially, employers do not yet consider women a powerful force in profitability. If companies would acknowledge the productivity of women when hiring and determining compensation, then they would pay women the higher wages they deserve, thus closing the gap between the genders.

Without a doubt, companies do not pay females the same amount as their male counterparts. From the first interview to retirement, companies use separate criteria for men and women. Indubitably, these double standards affect the hiring process and wages, not only on the basis of race but with gender as well.<sup>103</sup> A company survey reported that a male director made \$114,045 on average, while a female director earned \$109,446.<sup>104</sup> When one moved higher in ranks, to vice president, the gap between wages rose to nearly \$10,000.<sup>105</sup> Worse yet, the pay disparity is no small secret. One female employee interviewed expressed relief that the difference between her salary and that of her male counterparts was "only" \$5,000; at her previous job, the difference had been \$20,000.<sup>106</sup> Women's salaries desperately lag behind men's, as this *Computerworld* survey shows. The average bonus for men was \$8,437, while women's was \$5,936.<sup>107</sup>

According to the United States Bureau of Labor Statistics, 45.2 million women and 58.4 million men

<sup>98</sup> "United States: men (still) make more," *Off Our Backs*, 32:9/10 (Sept/Oct 2002): 8.

<sup>99</sup> Fisher, Anne, "Why Women Get Paid Less," *Fortune on CNNMoney.com*, < <http://finance.yahoo.com/career-work/article/102725/Why-Women-Get-Paid-Less> > (29 March 2007).

<sup>100</sup> *Ibid.*

<sup>101</sup> Roberts, Nina S., "Women in the Workplace," *Park and Recreation*, 41:10 (Oct. 2006): 50.

<sup>102</sup> "Persistent Stereotypes Hurt Women Workers," *Worklife Report*, 11:4 (1999): 8.

<sup>103</sup> Jasso, Guillermina and Murray Webster Jr., "Double Standards in Just Earnings for Male and Female Workers," *Social Psychology Quarterly*, 60:1 (March 1997): 66.

<sup>104</sup> Collett, Stacey, "Gender Gap: Women's Paycheck Still Lag Men's", *Computerworld*, 40:46 (13 Nov. 2006): 48.

<sup>105</sup> *Ibid.*

<sup>106</sup> *Ibid.*

<sup>107</sup> *Ibid.*, 49.

were employed in 2006.<sup>108</sup> Of those, 13.8 million women are in the lowest earning quartile, compared to only 12.1 million men in this category.<sup>109</sup> Similarly, only 8 million women are in the highest earning quartile, while 17.9 million men can be found there.<sup>110</sup>

A recent survey conducted by MSNBC.com and *Elle Magazine* reported on the views of men and women towards different gender bosses. An important statistic noted in the survey is the pay difference between the males and females surveyed. Sixty-one thousand, six hundred forty-seven people were surveyed, half of each gender, with an average age of 41 for the women and 42 for the men. A comparable number of the males and females were fully employed (93% and 96%, respectively), yet the men reported an average earning of \$68,000 per year, while the figure for the women was only \$45,000 per year.<sup>111</sup> A study performed by the American Association of University Women Educational Foundation concluded that a year after leaving college, a woman would earn 80% of her male counterparts' salary and ten years after this would fall to about 69%.<sup>112</sup> The study "found that one-quarter of the pay gap remains unexplained" despite controlling "for hours, occupation, parenthood, and other factors known to affect earnings" and is likely due to "sexual discrimination."<sup>113</sup>

Disbelievers of gender wage discrimination may point to the recent Supreme Court ruling that "workers may not sue their employers over unequal pay caused by discrimination alleged to have occurred years earlier"; however, they should look at the fine print of the decision. The court based the ruling on the minor detail that the bias lawsuit was not filed in a timely manner i.e. within 180 days according to Title VII of the Civil Rights Act of 1964.<sup>114</sup> Furthermore, a detail to be noted is the decision warranted Justice Ginsburg to read the decision from the bench, a "rare practice."<sup>115</sup> Indeed, Justice Ginsburg wrote, "Pay disparities often occur, as they did in Ledbetter's [the female employee who filed suit] case, in small increments; only over time is there strong cause to

suspect that discrimination is at work."<sup>116</sup> In fact, the Justices Breyer, Souter, and Stevens agreed with Ginsburg that the 180-day time limit creates "a sometimes impossible barrier."<sup>117</sup> The Supreme Court does have to limit when an employee can file suit. Otherwise, suits would be years old and more likely filed for malicious gains rather than fair appropriations. The problem occurs in the paradox of discrimination rearing its head over time, as mentioned by Justice Ginsburg. A solution could be for a woman to keep records of her paychecks in comparison to her male equivalents so to accumulate evidence and file the suit within 180 days of the last paycheck recorded for evidence. Simply put, if an employee feels discriminated against, then she (or he!) should act at the soonest possible moment, so as not to incur a legal deadline and also to handle the problem in a timely manner, rather than allowing the damages to collect. Though the Supreme Court decision may seem to rule in favor of the non-existence of gender-wage discrimination, the true nature of the decision finds its source in a legal deadline, not a matter of prejudice.

Although women have joined the workforce at a steady rate in recent years, most of them never reach the highest earnings levels, despite their potential. This leaves females vulnerable to minimum wage rates because if remunerations rise, companies want the stereotypical productive, loyal worker: a man. Looking past the stereotypes, women are as capable and productive as men in virtually all cases. Of course, one could reference physically demanding employment, such as construction or logging, as the status quo breaker. However, while this may have made some sense in the 19<sup>th</sup> and even 20<sup>th</sup> centuries when brute strength was more important, it can be of little importance in the modern era, when much of the power used in these industries comes from pushing buttons, or engaging clutches. Put simply, if a woman can be as productive as a man in the place of employment, then she should be paid accordingly. As Annette Bernhardt notes in her study on the wage gap evolution, "Women's human capital and monetary returns to that capital have grown relative to men's – this is especially true of work experience and job tenure."<sup>118</sup> Women have brought more advanced skills to the workplace compared to the female employee pioneers, yet companies have residual arguments and trepidations when discussing female employees and their wages.

Companies cite similar reasons for the wage and employee gender ratio. First are differences in education, a gap that did exist in years past. Today, however, years of schooling differentials are merely

<sup>108</sup> Hansen, Fay, "Race and Gender Still Matter," *Workforce Management*, 85:17 (11 Sept. 2006): 13.

<sup>109</sup> *Ibid.*

<sup>110</sup> *Ibid.*

<sup>111</sup> Tan, Lili, statistician Carol Edwards, "Gender Preference in the Corner Office", *Elle Magazine*, < <http://www.elle.com/featurefullstory/10909/work-power-survey-results.html> > (10 March 2007).

<sup>112</sup> Simon, Ellen, "Women Make Less 1 Year After College," *Yahoo! News*, [http://news.yahoo.com/s/ap/20070423/ap\\_on\\_bi\\_ge/pay\\_gap](http://news.yahoo.com/s/ap/20070423/ap_on_bi_ge/pay_gap) > (23 April 2007).

<sup>113</sup> *Ibid.*

<sup>114</sup> Barnes, Robert, "Over Ginsburg's Dissent, Court Limits Bias Suits," *Washington Post* <[http://www.washingtonpost.com/wp-dyn/content/article/2007/05/29/AR2007052900740\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/05/29/AR2007052900740_pf.html)> (30 May 2007)

<sup>115</sup> *Ibid.*

<sup>116</sup> *Ibid.*

<sup>117</sup> *Ibid.*

<sup>118</sup> Bernhardt, Annette, Martina Morris, and Mark S. Hancock, "Women's Gains or Men's Losses? A Closer Look at the Shrinking Gender Gap in Earnings," *American Journal of Sociology*, 101:2 (Sep 1995):303.

an excuse; they do not at all support the disparities. The American Association of University Women Educational Foundation study found that “women have slightly higher grade point averages than men in every major, including science and math” and despite attending highly selective colleges, women were more likely to earn less than men who attend minimally selective colleges.<sup>119</sup> Both men and women are capable of earning advanced degrees, yet data on weekly salaries still show a huge discrepancy. Women with advanced degrees earned a median weekly salary of \$1,994, compared to men at \$2,888.<sup>120</sup>

Another reason occasionally used by firms is lack of productivity due to a woman’s menstrual cycle or pregnancy. In a study done by the National Bureau of Economic Research, women were “more likely than men to miss work in twenty-eight day cycles.”<sup>121</sup> The study attributed this to the physical complications women face during their cycles and support the findings with the fact that the absent days regularity disappeared after the women reached about 45 years of age.<sup>122</sup> Interestingly enough, male absences also peaked in twenty-eight day cycles, but the study attributed this phenomenon to the Monday Blues, i.e. not wanting to come to work on the first day of the workweek.<sup>123</sup> In essence, every twenty-eight days the majority of male employees would be absent from work on a Monday, for example the first Monday of every month. Therefore, although both men and women missed work in a twenty-eight day cycle, men missed due to lack of motivation (i.e. lazy) while women missed due to physical condition. Opponents may argue that the physical complications of menstruation are completely mental and essentially mythical, but proponents could easily point out that at least women’s reasons are more valid: pain versus slothfulness. The menstrual cycle excuse, thus, holds no ground because the men missed work for less creditable reasons than women did.

As for the pregnancy excuse, many companies will not hire a woman due to the additional insurance and wages they must spend despite no productivity from that employee during her maternity leave. In one particular case, a woman interviewed to become a professor. Her credentials were impeccable, and the interviewer went so far as to tell her when classes would start and what the institution would expect of her when she began working. All of this took place after the woman specifically expressed that she was pregnant, and the interviewer informed her that her condition would not affect their consideration of her candidacy. The woman received a call two weeks later telling her the college had offered the job to

someone else and told her “good luck with your baby.”<sup>124</sup> To some, this may not seem like an offense, but later interviews with the university revealed they had not hired the woman specifically because of her pregnancy. They were worried she would be unable to teach and be a mother at the same time. This is an inexcusable offense because employers will hire men despite the fact that they have arthritis or bad knees, so why should employers not hire a woman because she is pregnant? The recent survey by MSNBC.com and *Elle Magazine* found similar results. Though women were twice as likely as men to miss work for child-care duties (results: 15% versus 7%), men were one and a half times as likely to be absent for hobbies, sports, and club affiliations (results: 12% versus 8%).<sup>125</sup> Obviously, blaming female conditions and responsibilities does not constitute a valid explanation of this phenomenon. Very unjustly, the most common reason cited by companies for bias against them is the hardest to overcome for women.

Businesses frequently claim that women lack certain skills that render men more productive and more valuable to them. MSNBC.com and *Elle Magazine* report that 71% of women feel the need to be better in order to earn respect, but only 36% of men exhibit this characteristic; in fact, many men view these women as overcompensating.<sup>126</sup> This survey allowed their sample to register comments about the differences between male and female bosses. These tended to support the overcompensation thesis:

“Every female I have ever worked for feels they have to prove something,” Female, 43.

“Women in power usually have a chip on their shoulder and spend valuable energy proving their worth,” Male, 26.

“Due to this being a male-dominated world, females tend to overcompensate, making them less effective,” Male, 42.

Overcompensation is not the only fault companies mention as negative qualities of female employees. A few of those surveyed alluded to women’s “emotions” and “cattiness” affecting their productivity. In two of the more noteworthy quotes, two men, ages 22 and 30, say, “Female bosses are overly emotional creatures who plot and backstab when confronted with a challenge,” and “A male boss will tend to be less catty and not involve their personal life into work.”<sup>127</sup> Assuredly, some women are extremely ‘catty’ and ‘emotional wrecks,’ but this certainly applies to men, too. In addition, some men lack communication skills and are overly competitive. While women as a whole may be more in tune with their emotions, this does not mean no woman can be a professional regarding her employment. To make

<sup>119</sup> Simon.

<sup>120</sup> Bernhardt, 12.

<sup>121</sup> Ichino, Andrea and Enrico Moretti, “Eve’s Curse,” *The Atlantic Monthly*, 298:5 (Dec 2006): 50.

<sup>122</sup> Ibid.

<sup>123</sup> Ibid.

<sup>124</sup> Roberts, Nina S., 45.

<sup>125</sup> Tan, Lili.

<sup>126</sup> Ibid.

<sup>127</sup> Ibid.

such a generalization would be tantamount to assuming no man can communicate with his colleagues and would do anything to get ahead in the workplace.

Many women do not “work the system” the way men do, which leaves them at a disadvantage in job advancement. Males are more likely to network and use mentors than are females.<sup>128</sup> Also, women have a less aggressive communicative style and rely on formal meetings to impress senior management.<sup>129</sup> In addition, more women received promotions from within their company rather than seeking a higher paying job elsewhere.<sup>130</sup> In essence, skills that come naturally to men can give them a strong advantage over women because men are more likely to aggressively seek the connections and opportunities for employment and raises.<sup>131</sup> Many women who are aware of these disadvantages, however, are learning such skills in order to place themselves at less of a disadvantage. As a result, they have become more competitive in the workplace, and are seeking out raises and employment opportunities instead of passively waiting for superiors to award advancement to them. A woman can learn these skills before she enters the job field; therefore, the lack of said skills is no excuse for a company to not promote or pay her what she deserves. When discussing the reasons for the disparity in wages and job advancement, men and women disagree. While the former blamed lack of experience, the latter held responsible preconceptions.<sup>132</sup> Though lack of experience is surely a reasonable explanation, not all women lack experience; as a gender, though, women suffer from many preconceptions held about them. If women truly fit the stereotype, being completely devoid of the skills males favor, even then they could learn and supplement them with the skills men stereotypically lack.

If someone wants to argue that men have skills woman lack, then he or she should be prepared to recognize that the reverse is every bit as true: women have skills men lack. That is not to say that all men are deficient in these skills or that men cannot learn these skills, as vice versa with women and men’s skills. First, critics must acknowledge that ample evidence exists to suggest that women are just as competitive as men, as reported by MSNBC.com and *Elle Magazine*.<sup>133</sup> In terms of character, the survey reported virtual equality in characteristics like being a

good listener, strict, and honest.<sup>134</sup> Women, therefore, do have characteristics that are essential to the business world. More importantly, female employees and leaders utilize different techniques to complete tasks and organize assignments. For example, female bosses tend to create a more supportive work environment.<sup>135</sup> In addition, women executives allow growth to occur naturally within the company, instead of pitting employees against one another.<sup>136</sup>

Ironically, the same traits that previously confined women to the home are now being appreciated as indisputable aids to businesses. Scientific studies have demonstrated that women are genetically wired to multi-task, while men focus on one task at a time; multitasking may have made domestic life bearable in the past, but the trait nowadays has become indispensable to many companies.<sup>137</sup> These traits, along with self-motivation, allowed women to own 40% of small business in 2000.<sup>138</sup> Currently, females own approximately 9 million businesses that generate more than \$3.6 trillion in revenue.<sup>139</sup> With such evidence – the sales generated, the businesses owned, the traits that are so important – few intelligent companies would dare turn down such valuable employees as women. Notwithstanding this plethora of verification, intelligent women are still denied competent pay. This is a strong indication that something very different than profit maximization, something perhaps far more nefarious, is occurring in modern commercial settings.

If businesses would cease and desist from hiring and determining wages based on stereotypes, they would realize what one woman expressed in the MSNBC.com survey: “Incompetence isn’t a gender-specific trait.”<sup>140</sup> They possess the drive and characteristics that deserve high wages, yet some companies deny this to women because of their prejudice and bias. Females are more than capable of overcoming these stereotypes and being competent and successful workers. Therefore, if a woman is worth the same in terms of productivity as a man, she should receive the same compensation.

No one who studies the facts and accurately observes the market could intelligently support the idea that a woman should receive equal pay based solely on her gender. Instead, the argument now being made is that women are a force with which to be reckoned, an important, crucial element of the economy. Her productivity should determine her wages, just as productivity determines a man’s wages. The female gender is not asking for handouts,

<sup>128</sup> Kamberg, Mary-Lane, “The Millennium of the Woman,” *Women in Business*, 53:6 (Nov/Dec 2001):13.

<sup>129</sup> *Ibid.*

<sup>130</sup> *Ibid.*, 16.

<sup>131</sup> For support of this claim see Wood, 2001; Wood and Lindorff, 2001, Hoffman and Reed, 1982

<sup>132</sup> Maki, Nancy, Sarah Moore, Leon Grumberg, and Edward Greenberg, “The Responses of Male and Female Managers to Workplace Stress and Downsizing,” *North American Journal of Psychology*, 7:2 (2005): 299.

<sup>133</sup> Tan, Lili.

<sup>134</sup> *Ibid.*

<sup>135</sup> *Ibid.*

<sup>136</sup> *Ibid.*

<sup>137</sup> Simmons, Judy Dothard, “Why Sexism Should Top the Civil Rights Agenda,” *New Crisis*, 107:2 (Mar/Apr 2000): 15.

<sup>138</sup> Kamberg, Mary-Lynn, 14.

<sup>139</sup> *Ibid.*

<sup>140</sup> Tan, Lili.

freebies, or affirmative action to boost their wages; they are simply asking to be paid what they are worth, and any human being should deserve the same treatment. If a woman is not willing to educate herself and work hard for her remuneration, then she cannot expect nor indeed deserve to earn higher wages, as does a man in the same position.

However, the majority of women are taking advantage of education and freedoms offered by the modern culture to harness the abilities and talents that society kept dormant for so long. If a woman can produce as much as a man, then she should be paid like a man. Essentially, adroit employers should take advantage of a currently cheaper, yet equally skilled workforce to correct the current injustice of the wage schism. Should the market ever correct the gap, according to what free market theory assumes,<sup>141</sup> then women will soon earn the wages they deserve due to the equal productivity they bring to their well-deserving companies.

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<sup>141</sup>Block, Walter and Walter E. Williams. 1981. "Male-Female Earnings Differentials: A Critical Reappraisal," *The Journal of Labor Research*, Vol. II, No. 2, Fall, pp. 385-388