ECONOMIST OCT 7TH 2017

Men, women and work. The gender pay gap

Women still earn a lot less than men, despite decades of equal-pay laws. Why?

"I ALWAYS wanted to be a mum," says Meghan, a British woman with two children. She wanted a career, too, and worked hard for it, earning a degree in economics and accounting, and taking professional exams. At a big accounting firm in London, she managed junior employees. When her daughter was born she faced a choice between her career and being the mother she wanted to be. After her boss refused her a flexible work schedule, she quit. Six years later she is a child-minder, earning a fraction of her former salary. Now divorced, she says that a professional role in accountancy would have been financially better for her family. But finding one with hours that worked for a single parent seemed impossible.

Stories like this sum up the "motherhood penalty" to women's careers. It is the main reason why the pay gap between men and women in rich countries is no longer narrowing. Employers view long hours as a sign of commitment and leadership potential. But from scarce, pricey child care to short school days, the world is organised for families with a parent at home—and that is usually the mother.

In the rich and middle-income countries that make up the OECD, the median wage of a woman working full-time is 85% that of a man. This is not, as many assume, because employers pay a woman less than they would have paid a man in her place. Data from 25 countries collected by Korn Ferry, a consultancy, show that women earn 98% as much as men who do the same job for the same employer. The real reason is twofold. Women outnumber men in positions with lower salaries and little chance of promotion. And men and women are segregated between occupations and industries; those where women predominate pay less.

Just a fifth of senior executives in G7 countries are female. Across the European Union supervisors are more likely to be male, even when most of their underlings are female. Nearly 70% of working women in the EU are in occupations where at least 60% of workers are female. The top four jobs done by American women—teacher, nurse, secretary and health aide—are all at least 80% female.

Occupations dominated by women have lower status and pay. Primary teachers in the OECD earn 81% of the average for graduate jobs. Nurses earn less than police officers; cleaners less than caretakers. Women's lower earnings mean that after divorcing or being widowed, they often end up poor. And skewed workforces can be a problem for firms—and for society. BHP Billiton, a mining company, has found that sites with more women are run more safely. Heavily male police forces and female nursing corps are unlikely to have the best mix of skills, experience and priorities to deal with crime victims and patients of the opposite sex. One theory for why boys do

worse than girls in school is the shortage of male academic role models.

The gender pay gap would shrink if men moved into female-dominated jobs and vice versa. But in America such workplace gender integration stalled about a decade ago after steadily increasing for more than two decades. A study of 12 European countries concluded that between 1995 and 2010 the share of female workers in most occupations changed little. A similar pattern has been found in Australia.

Two roads diverge

Men and women are free to study what they want, and discrimination at work has been banned for decades. But there is plenty of evidence that workplace segregation, and men's and women's differing career paths, cannot be explained away as a matter of differing preferences.

Research in Canada has compared reactions to ads for the same jobs that used stereotypically masculine words (leader, competitive and so on) or feminine ones (such as support, interpersonal and understand). Women found the "masculine" jobs less appealing, but not because they felt they would be unable to do them. They read the words as a signal of a male-dominated workplace, where they would not belong.

Stereotypes that discourage men from female-dominated jobs are at least as ingrained. Florence Nightingale, who established the principles of modern nursing in the 1890s, believed that men's "hard and horny" hands made them unsuitable for the job, "however gentle their hearts". Some American nursing schools started admitting men only in 1981, after a Supreme Court ruling.

A plethora of programmes and campaigns encourage girls into science and engineering. And they now have role models aplenty. But campaigns to get boys into teaching and nursing are few and far between. Men who become nurses often stumble into the job. Marius Malmo at the Stavanger University Hospital in Norway explains that, after he failed to get into the police academy, a policeman offered friendly advice: nursing, he said, used the same "people skills". He decided to try it for a year before reapplying to the police, but loved nursing and stayed. He says he likes intensive care and operating theatres, because they are "where the action is".

Neither choice of field nor lack of ambition can explain why the share of women shrinks higher up the career ladder, even in industries that women dominate. The proportion of business and management degrees earned by women has grown steadily, but that of women in managerial and senior jobs has not kept pace. In America about half of college degrees in business awarded since 2000 have gone to women, but the share of senior executives who are female has remained stuck at one in five.

Women used to be less likely to ask for promotion. No longer: a survey by McKinsey in 2016 found that women in corporate America asked at the same rate as men. It also found that women and men were promoted at similar rates, except at the lowest rungs of the career ladder, where women lagged behind. A possible reason is that managers are reluctant to promote women who

are starting families, or are likely to do so soon.

It so happens that the opportunity for the critical first promotion often coincides with wanting to start a family. Data from Britain show that the age at which women's pay starts to fall behind men's tracks the age at which they typically have their first child (see chart). Claudia Goldin of Harvard University has found a similar pattern for college-educated American women.

A survey earlier this year of America, Australia, Britain, France, Germany and Scandinavian countries by *The Economist* and YouGov, a pollster, gauged how children affected working hours. Of women with children at home, 44-75% had scaled back after becoming mothers, by working fewer hours or switching to a less demanding job, such as one requiring less travel or overtime. Only 13-37% of fathers said they had done so, of whom more than half said their partner had also scaled back.

When women give priority to caring for toddlers they fall behind. A recent American study put the motherhood penalty—the average by which women's future wages fall—at 4% per child, and 10% for the highest-earning, most skilled white women. A British mother's wages fall by 2% for each year she is out of the workforce, and by 4% if she has good school-leaving qualifications. Jennifer Young, an American mother with a degree in mechanical engineering, had been out of the workforce for 13 years when Cummins, an engineering firm, offered her a re-entry internship in engineering last year. She had been sure that a part-time or administrative job was her only possible route back to work.

Some new mothers leave their jobs because they prefer to be their children's main carers. But they are also influenced by censorious attitudes. In many countries the common opinion is that having a working mother is harmful for pre-school children. Germans call a working mother of small children a *Rabenmutter* (raven-mother). When Anna, an academic in Berlin, returned to work full-time her nine-month-old daughter was the youngest child the nursery had ever taken. "They had no idea what to do with her," she says. A German father says his mother-in-law lamented that putting their toddlers in child care would turn them into "drug-dealers".

Often, the high cost of child care makes the decision to leave work a forced one. In America full-time child care costs 85% of the median rent. And even where it is subsidised, mothers often go part-time because the school day ends long before the working one. But part-time jobs are usually a career dead-end.

Many women switch to jobs requiring less education or experience. Nearly a third of working women in Britain say they are overqualified for their jobs, compared with less than a quarter of men. In America only 15% of women with graduate degrees in science and engineering, which are in short supply, were employed in their specialism in 2011, compared with 31% of men. And nearly a fifth were out of the labour force, a share twice as high as among similarly qualified men.

That men are typically paid more than women who are at a similar stage in their working lives

helps explain why it is usually the mother who sacrifices her career for the sake of the children. But there are other reasons, too. New fathers are usually further along in their careers than new mothers are, for the simple reason that most men are older than their wives.

Skewed perceptions within households may also play a part. Although men are doing more child care than their fathers did, our survey suggests that they may overestimate how much (see article). And they seem not to realise how much motherhood harms their partner's career. Those men who go beyond changing nappies or dropping children off at school can feel painfully conspicuous. Tim Rutherford-Johnson, a British man who cared full-time for his children when they were small, says that in the playground he used to announce right away that he was a stay-at-home father. "I felt as if there was a big question-mark over my head," he says.

Government policies also play a role in men's and women's decisions about how to combine parenthood and jobs. They do more than raise or lower the cost of working for women. They shape men's and women's expectations for their own and each others' careers—and companies' decisions about whom to hire and promote.

Many countries have offered paid maternity leave for decades. When it lasts a year or less, it boosts women's employment. In America, the only rich country without legal entitlement to maternity leave, a quarter of women return to work within ten days of giving birth. But many never return because they cannot bear the thought of leaving a newborn in child care, or because paying for it would wipe out all or most of what they earn.

When maternity leave is longer than a year, it reduces women's overall participation in the workforce and widens the gender pay gap, says Olivier Thévenon of the OECD. Long periods away from work can make skills rusty. And too-generous arrangements can backfire. A German woman has the right to return to her job after three years' maternity leave. In many countries mothers of young children are harder than other employees to fire. The difficulty of covering for such long absences, and the fear that the occasional unsackable mother will slack when she returns to work, may put firms off hiring or promoting young women, even though such discrimination is illegal.

In the 1970s the Scandinavian countries were the first to offer parental leave, to be shared as parents wish. But few men took it. Making the pay more generous and earmarking some of it for fathers helped. In Sweden and Norway, which replace 80-100% of earnings, about 90% of fathers now take parental leave. In Germany a two-month bonus for fathers who take some of the shared parental leave increased take-up by new fathers from 21% to 34% between 2008 and 2014.

If no parental leave is reserved for fathers, couples usually decide that the mother should take all of it, partly because she has stayed at home post-partum and therefore knows the ropes. That decision can shape a couple's future, says Jeremy Davies of the Fatherhood Institute, a charity, as it confirms the mother as the parenting expert. Then it is easier to relegate her career to

second place. In Sweden, which increased the parental leave earmarked for fathers from two months to three in 2016, one study estimated that every month of leave a father took boosted his partner's salary four years later by 7%.

Although a growing number of countries are expanding paternity leave, few cover two-thirds of earnings, the level recommended by the OECD. In Britain, where some parental leave can be shared but paternity pay is low, many men give up the idea of taking a career break when they realise just how much it would cost, says Mr Davies. "So progressive couples end up like families in the 1950s."

Seemingly gender-neutral policies for parents may be used by fathers and mothers in different ways. After American universities expanded parental leave for fathers, for example, some male academics used their leave to write books rather than to do child care, thus enhancing their promotion prospects.

Children do not stop needing to be looked after when they start to walk. Among OECD countries, greater public provision of child care and education for children aged under five is strongly correlated with higher employment rates for mothers of young children. One ten-country study concluded that halving the price of child care increases the total number of hours worked by mothers by 7-10%.

In Germany a legal right to a place for children in kindergarten from the age of three, introduced in 1996, led a third of mothers who could not otherwise afford kindergarten to start working, though mostly part-time. The extra taxes they paid covered about 60% of the policy's cost—and that is without taking account of the likelihood that they would earn more for the rest of their lives, too. In Britain, by contrast, the government's offer of up to 30 hours of free care for three- and four-year-olds had only a modest effect on how much mothers worked, possibly because the hours on offer are too few and cannot always be taken when suits parents best. Nurseries were paid too little for those hours, which probably reduced quality and put some parents off.

To help mothers, help fathers too

Even with wisely designed maternity policies, generous child care and Scandinavian rates of paternity leave, women will not catch up with men at work without a broader shift towards flexible working. That would also help men to be better fathers. Fewer now aspire to be just a breadwinner. Research by the Diversity Council of Australia found that more than a third of young fathers had seriously considered leaving their organisation because it would not let them work flexibly. Though Australian men ask for flexible working less often than women they are much more likely to be rejected. In Britain nearly half of young fathers say they would like to shift to a less stressful job, the better to balance work and family. But they are twice as likely as women to think that doing so would harm their careers.

"Even Google is against me," exclaims a Dutch father at a gathering about paternal leave, which

is just two days in the Netherlands. When he searched for advice on combining fatherhood with work, the search engine asked if he had meant "motherhood and work". As men's and women's aspirations converge, the responses to the two queries will look increasingly similar.

Correction (October 11th, 2017): *This article originally stated that after Britain expanded parental leave, some male academics used the time to write books. In fact it was American universities that expanded parental leave—with the same results.*