

Structural Challenges to Work-life Balance



The gender pay gap could be considerably reduced and even eliminated if firms did not have an incentive to disproportionately reward individuals who work long and particular hours.

A Grand Gender Convergence: Goldin (2014)

Professor Claudia Goldin analyzed the converging roles of men and women in the workplace in *A Grand Gender Convergence: Its Last Chapter* (2014). Goldin highlighted a narrowing between men and women in earnings and labor force participation—markers that indicate significant progress towards equity in the labor market. She asked what would be needed now to usher in a “final” chapter of full gender equity in the workforce. “The answer,” she wrote, “may come as a surprise.” Goldin found that government intervention, while a potential positive force, may not be a necessary component of full labor force equity. The overall gender pay gap is much lower than it historically has been. In particular, “...the portion of the difference in earnings by gender that was once due to differences in productive characteristics has largely been eliminated.” However, the remaining pay gap persists in large part because certain professions value work more when it occurs

either consecutively or at particular times. These two factors lead to particularly pronounced wage gaps in the corporate, financial, and legal worlds. Some occupations, including those in technology, science, and health, have made progress towards more flexibility and greater linearity of earnings with respect to time worked. To usher in a final chapter of full workplace gender equity, other sectors must follow their lead. Goldin found that the gender earnings gap varies greatly by occupation, a relationship particularly evident among those with college degrees. Corporate, finance, and legal occupations have far wider gaps than technology, science and some health occupations. Goldin used data from the Department of Labor’s Occupational Information Network (O*NET) to demonstrate that occupations with greater time demands and characteristics associated with lower flexibility are precisely those with greater gender earnings gaps.



Gender Earnings Gap by Occupation

This figure, taken from Figure 2A in Goldin (2014), illustrates gender pay gaps by occupation. It plots gender pay gap (y-axis) versus male income (x-axis). Business tends to show a greater gender pay gap than the science, tech, or health fields.

This research illustrates that firms' incentives to disproportionately compensate individuals who work long hours play an important role in creating the gender wage gap. Goldin argues that lowering the cost of flexibility is essential for workforce equity.

Gender Dynamics for Young Professionals:

Bertrand et al. (2010)

In *Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors* (2010), Professors Marianne Bertrand, Claudia Goldin, and Lawrence Katz explored the causes of the gender gap in the business and financial sectors. The authors studied the career dynamics of MBA graduates from the University of Chicago's Booth School of Business between 1990 and 2006. They found that male and female MBA students have nearly identical salaries at the outset of their careers. The graduates' earnings, however, diverge shortly after with a gap of 30 log points five years after MBA completion. By 10 to 16 years after MBA completion, women earn 55 percent of what men earn.

The authors identified three factors that explain 84 percent of this gap: differences in business school courses and grades, differences in career interruptions, and differences in weekly hours worked. Men typically take more finance courses than women,

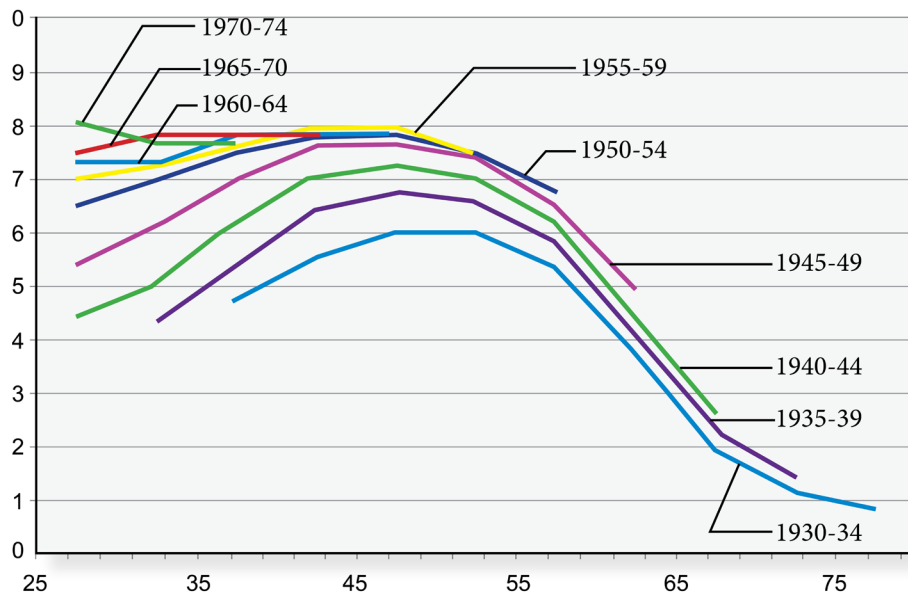
but the authors found the primary explanations behind the gap arise from differences in career interruptions and in weekly hours worked. The presence of children is the primary driver behind these differences, and the paper noted that "the careers of MBA mothers slow down substantially within a few years following their first birth."

This finding highlights an important structural force that many career-driven women must contend with over the course of their professional careers.

The New Life Cycle of Women's Employment:

Goldin and Mitchell (2017)

Professor Goldin and Joshua Mitchell further explored changes in the employment cycle for women in the workforce. The authors examined longitudinal administrative and survey data from the Survey of Income and Program Participation and the Health and Retirement Study, and explored how female labor participation rates shifted between the 1930s and 1970s. The paper found that a new lifecycle of women's labor force participation has emerged: in particular, for cohorts born after the mid-1950s, women seem to have a higher labor force participation rate in the decade right after school ends and continue to work longer into their 60s and 70s. The chart below illustrates this effect,



Female Labor Force Participation Rates
Cohorts Born from 1900 to 1974 by Five Year Age Groups and Five Year Birth Cohorts

Figure 1 from Goldin and Mitchell (2017)

We show that the occupation of pharmacist changed during the last half-century and became a family-friendly profession with a high fraction of women and an ability to work part-time with little or no hourly wage penalty.

-Goldin and Katz (2016)-

with higher initial rates of labor force participation that last longer into the later years. This new lifecycle of women's labor force participation highlights the changing, and increasingly central, role of women in the workplace.

**The Evolution of a Family-Friendly Occupation:
Goldin and Katz (2016)**

In *A Most Egalitarian Profession: Pharmacy and the Evolution of a Family-Friendly Occupation (2016)*, Professors Goldin and Katz explored changes in the pharmaceutical industry over the past half century. Drawing on surveys of pharmacists and U.S. Census data, the authors demonstrated how the

field evolved over the last fifty years into a highly “family-friendly” profession. As the fraction of female pharmacists increased, the authors write, “the full-time equivalent earnings of pharmacists relative to comparable professionals rose—not fell—for both men and women.” Because of extraordinary workplace flexibility, female pharmacists often take less time off when they have children than women in other careers; a fact that plays a significant role in closing the wage gap between male and female pharmacists. The authors concluded that the increased substitutability among pharmacists over the past fifty years is a large reason for this flexibility: with better training and increased standardization, pharmacists can more efficiently pass off clients to each other and thus work more flexible schedules. This research holds significant value for highlighting the types of structural forces that impact the gender gap in the workforce.