

Gender in firms

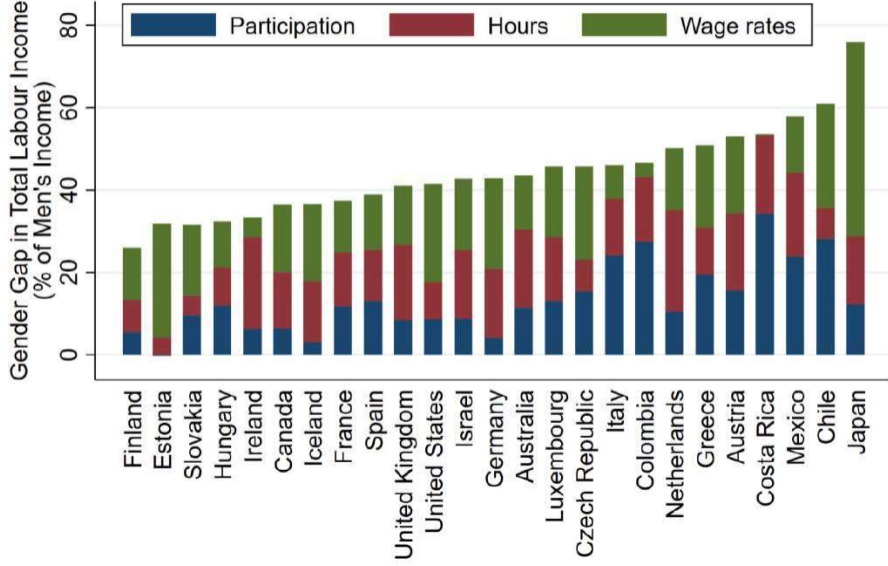
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Inequality and the Role of Firms
Paris, 20 July 2023

Gender inequality at a glance

- ▶ Despite decades of progress and convergence, gender inequality is rife
- ▶ Large and persistent **gaps in employment and wages**;
- ▶ women are **under-represented in high-income careers**;
- ▶ bear most of the **penalty from parenthood**, even if primary earners in household.
- ▶ Vast literature and debates on causes and policy responses
- ▶ Zoom-in on the **role of firms**

Gender gaps in earnings in high-income countries



Source: Andrew, Bandiera, Costa-Dias and Landais (2022)

Why do gender inequalities matter?

- ▶ **Distributive justice**
- ▶ **Allocative efficiency**
 - ▶ not a zero-sum game

A variety of views

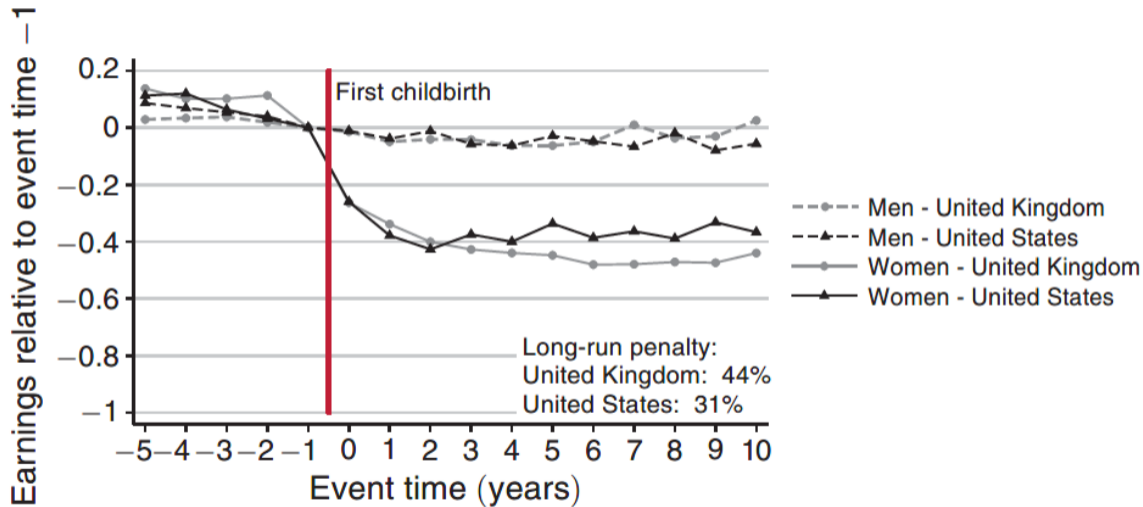
▶ **Gender differences in traits**

- ▶ Are risk-aversion, under-confidence, altruism ... interfering with women's professional success?
- ▶ In fact differences in such traits are fairly small and context-dependent

▶ **Barriers and constraints**

- ▶ Work-life balance and gender norms

The motherhood penalty



Source: Kleven et al (2019)

Role of public policy and firms

- ▶ Many countries have introduced public policies aimed at reducing the career cost of children for women (job-protected parental leave; subsidized child care; tax credits, etc)
- ▶ But **firms may incur costs too**, in particular when labour is scarce:
 - ▶ Workers are not easily substitutable
 - ▶ Qualified personnel may not return to work after childbirth, or return after a lengthy career break
 - ▶ Recruitment costs are high
- ▶ Do firms have an **incentive** to provide family-friendly amenities to their workers?

The rationale for family-friendly practices

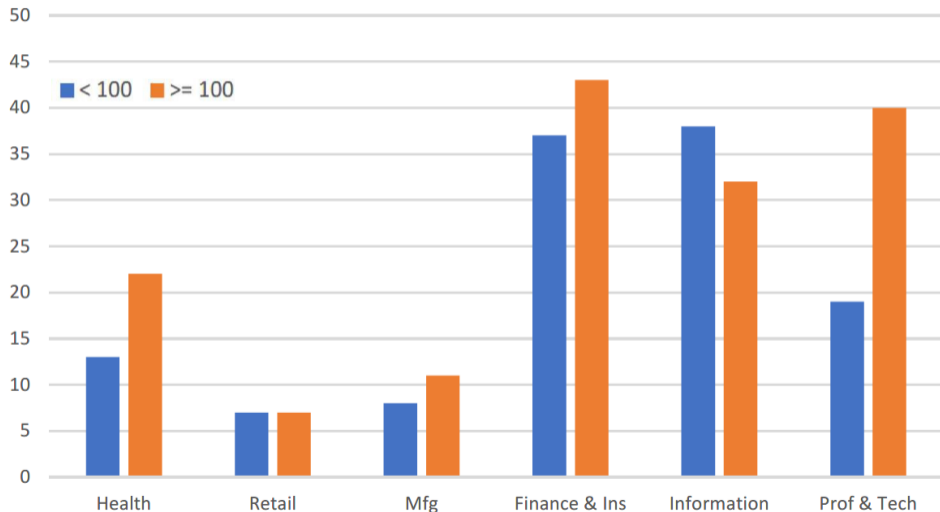
- ▶ Why would firms that compete in product markets choose to offer such perks?
- ▶ If labour markets were perfectly competitive, it would not be viable to offer non-wage amenities on top of competitive wages
- ▶ But labour markets are imperfectly competitive
- ▶ **Jobs and workers are differentiated**
 - ▶ varying willingness to pay for amenities
 - ▶ source of pay differentials if for example men and women place different values to non-wage amenities
- ▶ In a **dynamic setting**: amenities ease worker recruitment and retention
 - ▶ source of employer market power

More and more firms provide family-friendly amenities

- ▶ **Paid family leave**
- ▶ **Childcare**
- ▶ **Working from home**

Paid family leave in the US

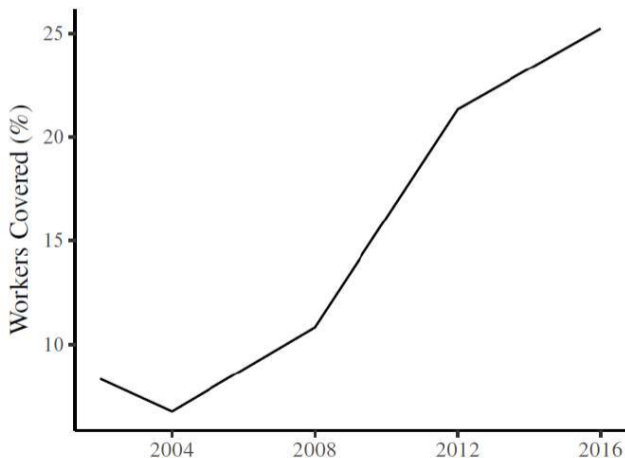
% Employees with any paid leave in 2017



Data for 2017; almost doubled since 2010. Source: Goldin, Kerr and Olivetti (2019).

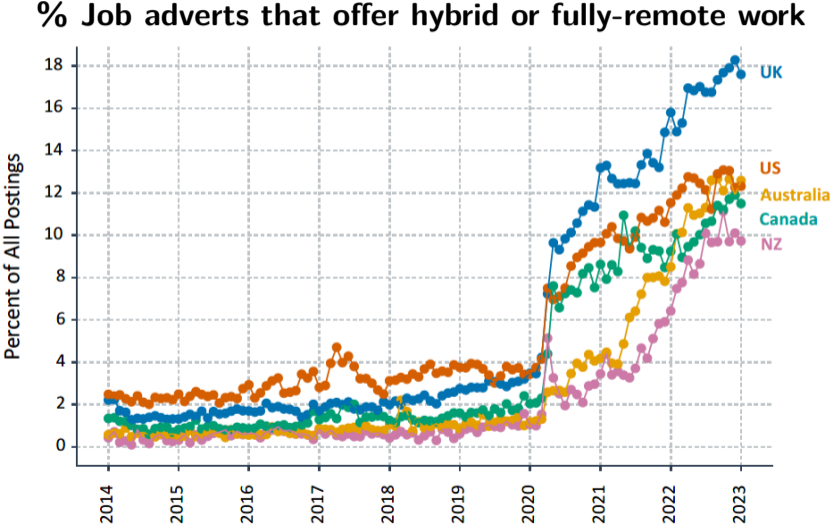
Childcare provision in Germany

% Employees with access to childcare through employers



Source: Costas-Fernandez, Findeisen, Raute and Schoenberg (2023)

WFH across countries



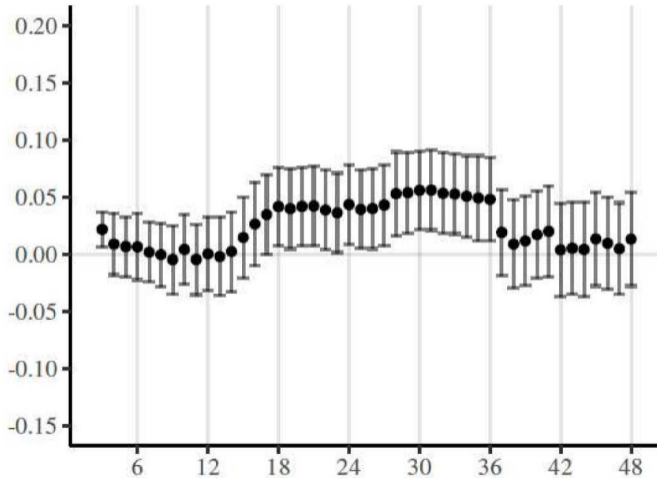
Source: Hansen et al (2023)

1. Employer-provided childcare

- ▶ Which firms offer childcare?
(from Survey of German employers, Costas-Fernandez, Findeisen, Raute and Schoenberg, 2023)
 - ▶ larger and more productive firms,
 - ▶ pay higher wages,
 - ▶ have more educated workforce,
 - ▶ have larger share of mothers (though not women more generally),
 - ▶ report general staffing problems *and* skill-specific shortages

Impacts: Employee retention

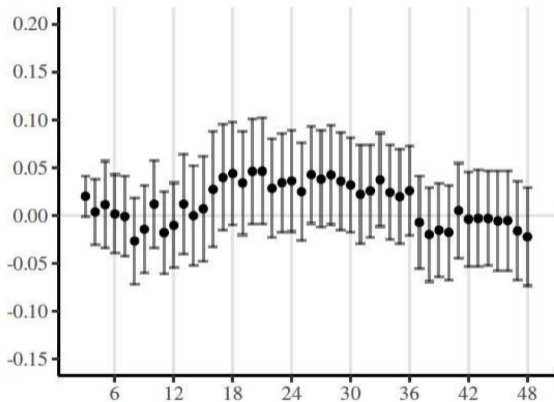
% Mothers returning to work in providers vs non-provider firms



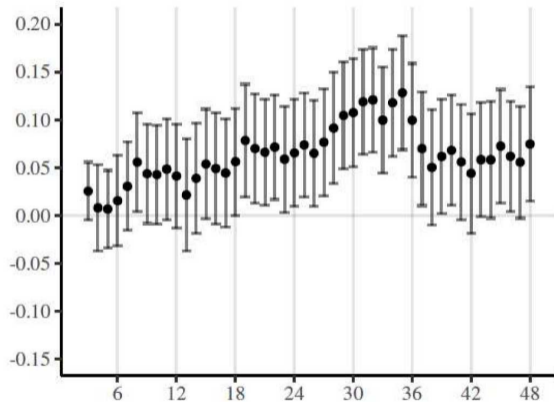
Source: Costas-Fernandez, Findeisen, Raute and Schoenberg (2023)

Impacts mostly driven by high-wage mothers

% Mothers returning to work part-time in providers vs non-provider firms



(a) Low Wage



(b) High Wage

Firm-provided childcare: What's in it for firms

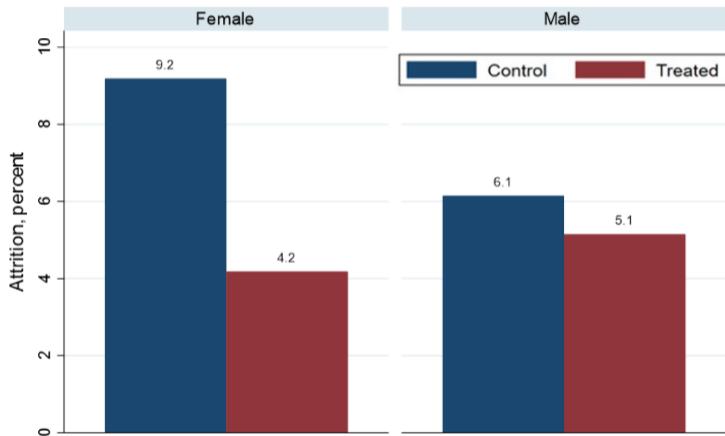
- ▶ Adopting firms grow more
- ▶ **Retention of mothers, especially high-wage mothers**
- ▶ Higher employment growth via **increased hiring, especially mothers**
- ▶ Share of mothers increase
 - ▶ Firms have more monopsony power over mothers
 - ▶ Impact on earnings gap in ambiguous
- ▶ Further consequences
 - ▶ Part-time work and fertility increase
 - ▶ Future take-up also likely increases

2. Working from home

- ▶ Women, especially mothers, have higher commuting costs than men and likely value WFH opportunities more than men
- ▶ After covid-related surge in WFH, **hybrid work is here to stay**, especially among educated workers.
- ▶ What's in it for firms and are there any gendered impacts?
- ▶ Evidence from field experiment in global travel agent HQ in Shanghai; 35k employees (Bloom, Han and Liang, 2022)
 - ▶ No direct impacts on measured performance
 - ▶ lower quits (−33%), higher employee satisfaction

Gendered impacts of WFH?

Women disproportionately less likely to quit if assigned to WFH treatment

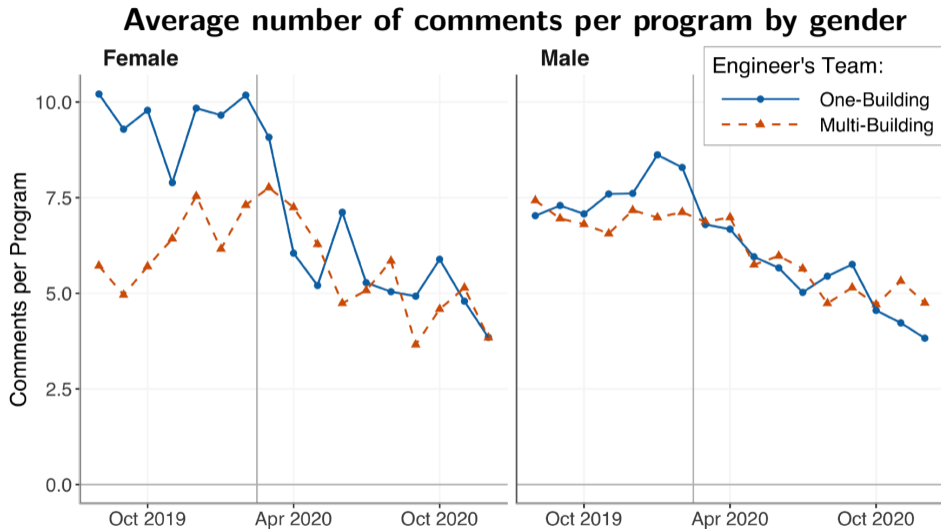


Source: Bloom, Han and Liang (2022)

Gendered impacts of WFH?

- ▶ But – women less likely to volunteer for WFH, and ex-post no difference in take-up
- ▶ Possibly gender differences in concerns over costs of actively signalling a preference for WFH
- ▶ Additional concern regarding WFH: value of presence at work and proximity to co-workers
- ▶ Evidence from personnel data on US software engineers shows that
 - ▶ **Proximity at work stimulates learning** from peers and seniors – *both* in person and online
 - ▶ **Proximity particularly valuable for women**

Gender gaps in feedback received in person vs online

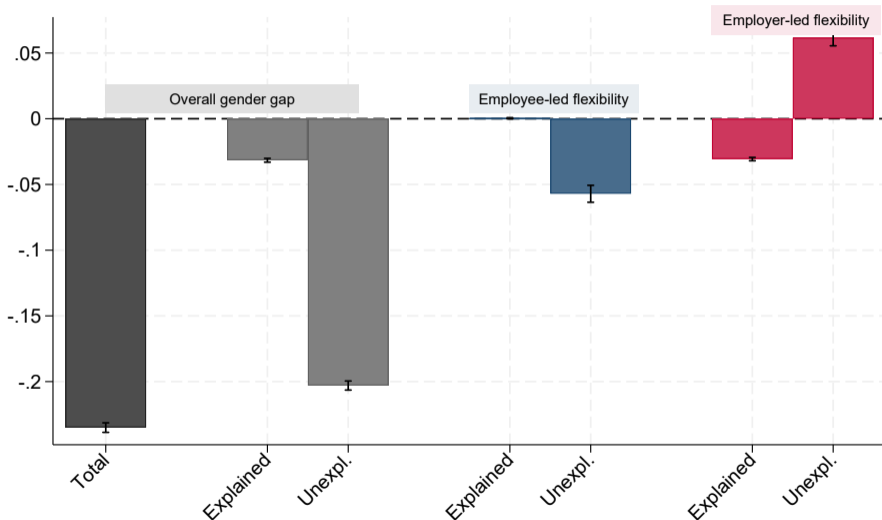


Source:

3. Work flexibility

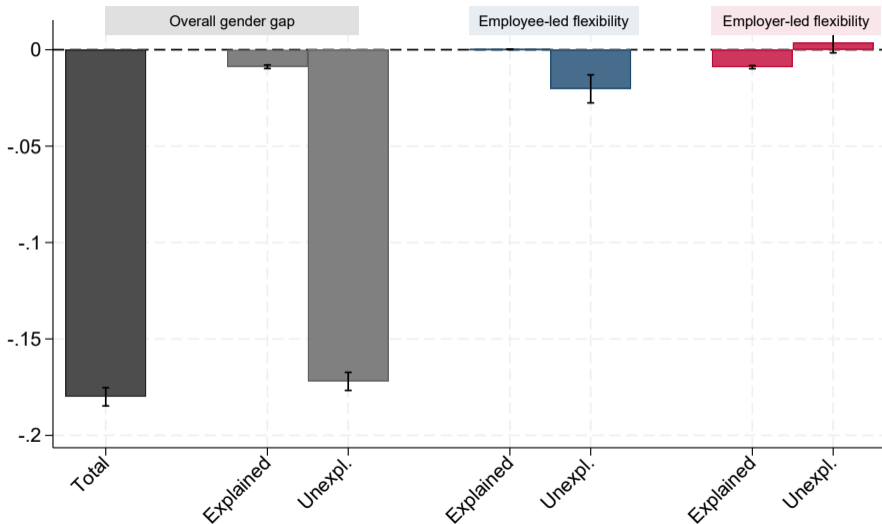
- ▶ Women (mothers especially) value control over their schedules more than men
- ▶ There may be career costs of job-related demands (WFH, flexibility)
- ▶ Extract information on flexible work from universe of job adverts in Denmark (Adams-Prassl, Jensen and Petrongolo, 2023)
- ▶ Classify job adverts using ML on large sets of words
- ▶ Cases of **employee-led** or **employer-led** flexibility
 - ▶ **plan your own day, flexible working hours**, etc.
 - vs
 - ▶ **on-call shifts, overtime work, willingness to travel**, etc.
- ▶ Flexibility indicators are aggregated at employer*occupation level
- ▶ Individuals are assigned a work-flexibility indicator according to their employer*occupation

Decomposition of wage gaps for college graduates (3yrs degree)



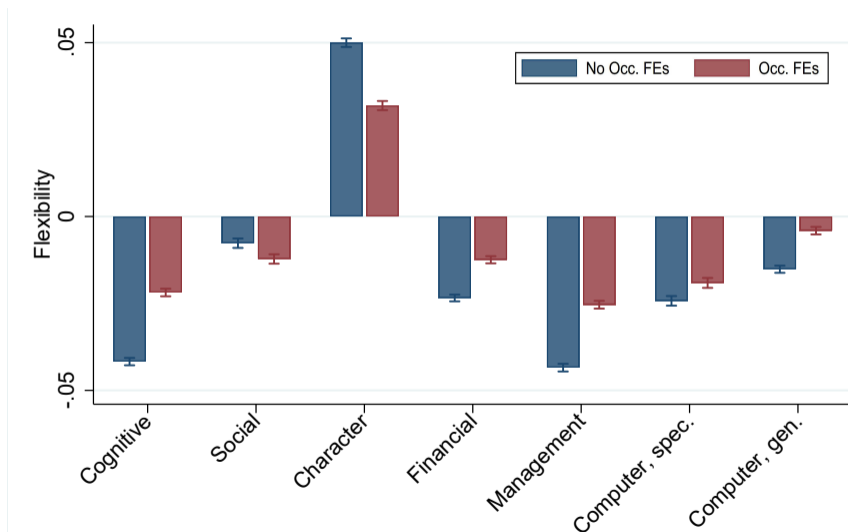
Sample: mothers and fathers, 10 years after graduation. Source: Adams-Prassl, Jensen and Petrongolo (2023)

Decomposition of wage gaps for masters graduates (3+2)



Sample: mothers and fathers, 10 years after graduation. Source: Adams-Prassl, Jensen and Petrongolo (2023)

Work flexibility and skill requirements



Source: Adams-Prassl, Jensen and Petrongolo (2023)

Recap

- ▶ While there is evidence that women value WFH and flex hours more than men,
 - ▶ the incidence of these traits is quite similar across genders
 - ▶ women seem to pay a higher penalty for them
 - ▶ in the short-run, via **compensating differentials**
 - ▶ and in the long-run, via **underutilisation of valuable skills**
- ▶ Issues of equity and allocative efficiency –
 - ▶ employers may be missing out on skills of women who give up the optimal match to their talent to seek family-friendly working conditions

Open questions and the way forward

- ▶ Deeper source of inequality and inefficiency is heavily gendered allocation of roles within the household
- ▶ But **some of the labour market consequences may be addressed in the workplace**
 - ▶ by making high-quality jobs available with family-friendly features
 - ▶ family friend features as productive amenities
- ▶ Broader question:
 - ▶ **workplace culture, inclusivity, and productivity**