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## Explaining gender differences in self-pay expectations:

### Perceptions of fair pay

This research examined gender differences in self-pay expectations and factors that mediate these differences. Based on Major and Konar's (1984) model of gender and self-pay expectations, five factors were considered: Career Paths, Objective Job Inputs, Perceived Job Inputs, Job Facet Importance, and Social Comparison Standards. College seniors majoring in male-dominated, female-dominated, or gender-balanced occupational fields completed the Career Expectations Survey which assessed self-pay expectations and the five factors. Regardless of occupational field, women had lower self-pay expectations than men. The best mediator of the gender gap in self-pay expectations was perceptions of fair pay. Directions for future research are discussed.

## Explaining gender differences in self-pay expectations:

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Labor force statistics indisputably indicate that there is a gender wage gap. Women earn from 50% to 75% of what men earn, depending on the occupation (National Committee on Pay Equity, 1986). What has been disputed are the causes of the gender wage gap. A "demand side" approach focuses on structural characteristics (e.g., occupational sex segregation) as causes of the wage gap (e.g., Auster, 1989; Blau & Ferber, 1986; Grune, 1984; Treiman & Hartmann, 1981). A "supply side" approach focuses on characteristics of women and men, both perceived (e.g., gender role stereotypes) and actual (e.g., job facet importance) that may contribute to the wage gap (e.g., Hollenbeck, Igen, Ostroff, & Vancouver, 1987; Jackson, 1989; Jackson & Grabski, 1988; Major, 1987; Neiva & Gutek, 1981). Our research takes a supply side approach. We examine possible causes of gender differences in self-pay expectations which may contribute to the gender wage gap.

Both theory and research point to the importance of self-pay expectations in understanding the gender wage gap. At the theoretical level, several perspectives suggest that pay expectations influence pay satisfaction (Adams, 1965; Lawler, 1971; Locke, 1976). For example, Crosby (1982) and Major (1987) have argued that women are "paradoxically" contented with less pay than men's pay in part because they do not perceive a discrepancy between the pay they receive and the pay they feel they deserve and desire (Sausser & York, 1978; Smith, Kendall, & Hulin, 1969). At the empirical level, Major, Vanderslice and McFarlin (1984) have demonstrated that lower pay expectations result in lower pay offers to identically qualified applicants. Yet despite their apparent importance, only 3 studies have considered the pay expectations of women and men in the same occupation (Major & Konar, 1984; Martin, 1989; McFarlin, Frone, Major, & Konar, 1989). All 3 studies found that women had lower self-pay expectations than men in business-related fields.

Major and Konar (1984) proposed a five-factor model to explain why women have lower self-pay expectations than men. Briefly, the five factors are Career Paths (i.e., occupational and educational choices that may influence pay expectations), Objective Job Inputs (e.g., productivity),

Perceived Job Inputs, Job Facet Importance (e.g., pay, pleasant work environment) and Social Comparison Standards (i.e., pay expectations for comparative referents). For example, women may have lower self-pay expectations than men because they choose occupations that pay less, because they contribute less to their jobs, because they perceive that they contribute less to their jobs (whether or not they actually do), because pay is less important to them, or because they compare their pay outcomes with other women, who typically earn less than men (Blau & Ferber, 1986; Treiman & Hartmann, 1981). Major and Konar note there is evidence to support all but the Objective Job Inputs factor, although the evidence is by no means unequivocal (Blau & Ferber, 1986; Crosby, 1982; Crowley, Levitin, & Quinn, 1973; Deaux & Farris, 1977; Golding, Resnick, & Crosby, 1983; Hansen & O'Leary, 1985; Harris & Earle, 1986; Kanter, 1977; Major & Forcey, 1985; B. Martin, 1989, J. Martin, 1986; Neiva & Gutek, 1981).

Major and Konar (1984) tested their model using a sample of management students. They found some support for the Career Paths factor, no support for the Objective or Perceived Job Inputs factors, and strong support for the Job Facet Importance and Social Comparison Standards factors. In particular, pay expectations for others, their measure of Social Comparison Standards, accounted for more of the gender gap in self-pay expectations than any other factor in the model.

The purpose of our research was to test Major and Konar's (1984) model in occupations other than management, and using more and diverse measures of the five factors. We were particularly interested in whether an alternative measure of Social Comparison Standards - perceptions of "fair pay" - would account for the gender gap as well as Major and Konar's measure - pay expectations for others. Based on research by Jackson and Grabski (1988), we hypothesized that women and men differ in their perceptions of what is "fair pay," and that it is these perceptions, rather than pay expectations for others, that mediate self-pay expectations.

### Methods

Participants and Procedures. Participants were 447 college seniors (250 females and 185 males) who completed the Career Expectations Survey. Participants were seniors in male-dominated

colleges (Agriculture and Engineering), gender-balanced colleges (Social Science and Business) or female-dominated colleges (Education, Human Ecology, and Nursing) at a large midwestern university. The response rate for the surveys, which were mailed to participants, was 26.5%.

Materials. The Career Expectations Survey consisted of 7 parts, the first 3 of which contained the information used in this study. Self-pay expectations and the two measures of Social Comparison Standards, pay expectations for others and perceptions of fair pay, were assessed in Part 1. The Career Paths Factor was assessed by 4 questions in Part 1 (e.g., plans to continue their education beyond the bachelor's degree, see Table 2). Perceived Job Inputs were assessed by 4 questions in Part 1 and by self-ratings on 25 valued employee characteristics in Part 2 (e.g., general communication skills). Job Facet Importance was assessed in Part 3 by ratings of the importance of 28 job characteristics (e.g., high salary). No measures of Objective Job Inputs were available. However, GPAs and standardized test scores were obtained because these measures are at least modestly related to actual job inputs.

Factor analyses were used to reduce the measures to a smaller number of reliable dimensions.

### Results and Discussion

Results for the pay expectation measures are presented in Table 1. At career entry, women had lower pay expectations for themselves,  $F(1,432)=4.83$ ,  $p<.05$ , for others in their field,  $F(1,430)=5.97$ ,  $p<.01$ , and believed that less pay was fair pay than men,  $F(1,427)=3.08$ ,  $p<.08$ . At career peak, women expected less pay for themselves,  $F(1,418)=8.65$ ,  $p<.01$ , for others in their field,  $F(1,430)=6.66$ ,  $p<.01$ , and believed that less pay was fair pay than men,  $F(1,404)=11.92$ ,  $p<.001$ . There were no interactions between gender and college.

As revealed in Table 2, gender differences were obtained on at least one measure of each of the four other factors. Women expected to take more time out for childrearing,  $F(1,400)=58.66$ ,  $p<.001$ , had higher GPAs,  $F(1,434)=4.66$ ,  $p<.05$ , and verbal SAT scores,  $F(1,97)=5.97$ ,  $p<.05$ , and expected to work harder at the job,  $F(1,421)=8.37$ ,  $p<.01$ , than did men. Men expected to perform

better on the job,  $F(1,421)=4.63$ ,  $p<.05$ , and rated themselves higher in Business Sophistication than did women,  $F(1,421)=19.19$ ,  $p<.001$ .

Women considered Personal Development Opportunities,  $F(1,426)=4.04$ ,  $p<.05$ , a Pleasant Work Environment,  $F(1,426)=7.28$ ,  $p<.01$ , and Job Accomodations to Family Life,  $F(1,426)=10.43$ ,  $p<.001$ , as more important than did men. There was no difference in the importance that women and men placed on high salary.

Hierarchical multiple regression analyses tested the ability of the five factors to account for gender differences in self-pay expectations. Thus, gender was entered first and changes in the regression coefficients and the  $F$  statistic for gender as other variables enter indicate the degree and significance of the relationship between gender and pay expectations statistically controlling for these variables (Cohen & Cohen, 1975; Kerlinger, 1973). Only variables for which significant gender differences were obtained (see above and Table 2) were included in the analyses. The results are presented in Table 3.

Initial differences in entry and peak pay expectations of women and men were \$1238, and \$18,659 (bs for sex), respectively. Gender accounted for a small but significant proportion of the variance in both instances (2%). Pay expectations for others was the next variable to enter the equations, explaining \$917 (1238-321) and \$4991 (18,659-13,668) of the wage gap in entry and peak expectations, respectively, and reducing the  $F$ -ratios for gender to nonsignificance. Additional variables which accounted for gender differences in peak pay expectations were Business Sophistication (\$3465) and Job Accomodations to Family Life (\$2371).

Thus, consistent with Major and Konar's findings, the best predictor of the gender gap in self-pay expectations was Social Comparison Standards, defined as pay expectations for others. However, a second pair of analyses was conducted to determine whether this measure would account for additional variance after controlling for perceptions of fair pay. As revealed in Table 3, perceptions of fair pay explained \$775 of the entry pay gap and \$11,388 of the peak pay gap, and reduced the  $F$ -ratios for gender to nonsignificance. More importantly, pay expectations for others

accounted for only an additional 6% of the gap in entry self-pay expectations, and none of the gap in peak pay expectations. Thus, when perceptions of fair pay are statistically controlled, pay expectations for others contribute negligibly to the gender gap in self-pay expectations.

### Conclusions

Our findings indicate that women have lower self-pay expectations than men, at both career entry and career peak, and regardless of occupational field. Gender differences in perceptions of "fair pay" mediate differences in self-pay expectations. The question for future research is why do women believe that less pay is fair pay than men do? This question is distinct from the question addressed in Major's (1987) research on gender and personal entitlement. Our findings suggest that women believe that everyone is entitled to less pay, not just themselves, personally.

An explanation for gender differences in perceptions of fair pay doubtless lies in the differential socialization experiences of women and men. Major and Konar (1984) suggested that women and men in the same occupation may use the same comparative referents (e.g., "others in their field") but estimate their pay differently, "perhaps because of differential exposure to pay information, differential attentiveness to pay information in general, or selective attention to or recall of certain specific information." (p. 789). We are currently investigating possible causes of gender differences in perceptions of fair pay in our laboratory. To the extent that they contribute to the gender wage gap by lowering women's self-pay expectations, then eliminating these differences will help to reduce the wage gap.

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Table 1. Pay expectations for self, others and perceptions of fair pay.

	<u>College</u>					
	Agriculture	"Female" Colleges	Business	Social Science	Engineering	All
<b>Entry Pay-Self</b>						
Females	\$23,739	\$20,147	\$22,824	\$24,108	\$27,068	\$22,799
	(23)	(77)	(62)	(60)	(24)	(246)
Males	22,296	21,781	23,637	22,116	29,428	24,344
	(27)	(16)	(52)	(43)	(45)	(183)
<b>Entry Pay-Others</b>						
Females	21,043	19,362	21,616	23,267	25,688	21,634
Males	21,519	20,188	22,019	21,314	27,739	23,060
<b>Fair Entry Pay</b>						
Females	21,630	20,770	21,921	24,289	25,333	22,470
Males	22,167	21,906	22,235	21,988	27,641	23,481
<b>Peak Pay-Self</b>						
Females	53,608	36,539	58,008	50,348	49,542	48,154
Males	45,238	56,438	72,823	55,679	84,977	66,098
<b>Peak Pay-Others</b>						
Females	45,739	42,667	71,175	67,353	46,271	56,245
Males	45,392	83,625	103,221	112,595	73,852	88,134
<b>Fair Peak Pay</b>						
Females	42,239	43,178	50,707	51,804	47,261	47,436
Males	44,800	54,094	73,733	59,575	64,083	61,774

Note: Numbers in parentheses are cell frequencies. Female colleges include Education, Human Ecology, and Nursing.

Table 2. Mean ratings of female and male respondents on the hypothesized mediators of self-pay expectations.

	Females (244)	Males (187)
<b>Career paths</b>		
Years expected to work at this type of job	16.73	18.31
Hours/week expected to work	47.19	48.49
Time out from the work force for childrearing	3.03	1.17*
Plans to continue education (%)		
Yes - Immediately	31.1	34.8
Yes - In the near future	51.6	43.9
No	17.2	21.4
<b>Objective job inputs</b>		
Grade point average	3.09	3.00*
Verbal SAT	553	506
Quantitative SAT	574	575
ACT	24.13	24.17
<b>Perceived job inputs</b>		
Basic job skills	5.65	5.59
Work flexibility	5.29	5.47
Previous work experience	5.11	5.23
Business sophistication	4.76	5.13*
Expected performance	5.73	5.93*
Expected effort	6.53	6.32*
Preparation	5.13	5.17
Qualifications	5.66	5.72
<b>Job facet importance</b>		
Job advancement opportunities	5.12	5.26
Personal development opportunities	6.12	5.99*
Pleasant work environment	5.44	5.25*
Basic fringe benefits	4.83	4.83
Job accommodations to family life	4.33	4.03*
High salary	5.03	5.05

Note: An "\*" indicates significant gender differences in the one-way ANOVA,  $p < .05$ .

Table 3. Variance in self-pay expectations associated with gender controlling for the hypothesized mediators of gender differences.\*

Step	Variable entered	$\beta$ for gender	Beta for gender	F-ratio for gender	Adjusted R <sup>2</sup>
<u>Analyses excluding perceptions of fair pay</u>					
Entry self-pay					
1	Gender	1,238	.09	3.10	.02
2	Entry pay-others	321	.02	0.82	.69
Peak self-pay					
1	Gender	18,659	.15	8.04	.02
2	Peak pay-others	13,668	.11	2.17	.11
3	Business sophistication	10,203	.08	1.60	.13
4	Job accommodations to family life	7,832	.06	1.21	.14
<u>Analyses including perceptions of fair pay</u>					
Entry self-pay					
1	Gender	1,289	.09	3.32	.01
2	Entry fair pay	514	.04	1.22	.65
3	Entry pay-others	345	.03	0.90	.71
Peak self-pay					
1	Gender	17,221	.13	6.34	.02
2	Peak fair pay	5,833	.05	0.99	.29
3	Business sophistication	2,777	.02	0.46	.29
4	Job accommodations to family life	322	.01	0.05	.30

Note: All of the hypothesized mediators for which gender differences were obtained (see Table 2) were included in the analyses except Objective job inputs.