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Michael Dennis Graham | GRAHALL, LLC

# *THE PEOPLE STRATEGY EXCHANGE*

At the risk of stepping precariously close to the edge of the swamp that is our political discourse today, we thought it time again to speak to the persistent gender gap most evident in the pay differential between men and women. But the pay gap isn't a problem as much as it is a symptom of a deeply entrenched opportunity gap that exists between men and women. And the opportunity gap and its symptomatic wage differences aren't just a problem today in the US; it is a problem that has a long history and a global presence.

Full disclosure: we will focus on the US in this article.

Our interest in investigating the opportunity gap was primarily driven by the news that on October 1, California passed a law requiring California based public companies to have women on their boards of directors.

There are many obstacles that companies will face to comply (and in fact the law will likely face legal challenges and might be overturned) but certainly "...it has already spotlighted the entrenched practices and barriers that have helped keep women out of boardrooms." (1) Those entrenched practices and barriers are in essence the opportunity gap.

Let's refresh our collective memories about the long lasting opportunity gap experienced by American women. Note that we will keep this discussion in the 20<sup>th</sup> and 21<sup>st</sup> centuries.

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Let's start with the obvious...It took 70 years of suffrage for the 19<sup>th</sup> amendment to be ratified by the states giving women the right to vote in 1920 – that is fewer than 100 years ago and more than 140 years since the Declaration of Independence was signed in 1776. (Dipping a toe into the swamp, 2018 might be the year that women of all political persuasions feel an undeniable need to cast their vote in the mid-term elections.)

Leaving 1920 behind, the next significant change in women's circumstances happened in the 1940's during WWII when Rosie the Riveter and many of her sisterhood stepped up and took factory jobs to feed the war machine with its necessary materials. Once that war was won, veterans returned and Rosie and her sisters were promptly demoted back to the kitchen.

In the mid 20<sup>th</sup> century "...women with full time jobs earned on average between 59–64 cents for every dollar their male counterparts earned in the same job." And then in 1963 with the passage of the Equal Pay Act "...it became illegal to pay women lower rates for the same job strictly on the basis of their sex." But then (like now) things such as "seniority, merit, [and] other considerations might merit different pay" for men (and by "different" that means more). (2)

So today, 55 years after the Equal Pay Act was passed, women in the US earn about 80 cents for every dollar earned by men. But even that discouraging statistical average can hide other important details like the fact that Goldman Sachs recently reported a gender pay gap of 55.5 percent. (3)

**Why five decades after the Equal Pay Act was passed are women still under-earning men? Let's take a deeper look.**

One explanation focuses on the calculation. The pay gap is an “average” so the argument is that there are many older women still in the data who earn far less than male counterparts. The challenge with this argument is the Equal Pay Act went into effect in 1964, more than 50 years ago, so MAYBE there are older women still in the data with much lower relative pay, but could that really be true? Most women who were working in 1964 are now in their mid 70's, so that first cohort is likely retired. And according to the Bureau of Labor Statistics of the 115 million women age 25 and over who are working in the US only 24% are age 55 and over. So those 55+ year olds, born in 1963 (or earlier) entered the labor market in the 1970's and 1980's well after the Equal Pay Act was implemented. So that “argument” carries little weight.

So if it's not the data, what's the problem? It's the opportunity gap that contributes to lower pay for women. Workplace challenges for women are, according to an article in the Huffington Post, “cumulative and compound over a career.” These challenges that contribute to the opportunity gap include conscious and unconscious workplace bias, lack of inclusivity, AND social expectations including child and elder care responsibilities.

Let's consider these.



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Who makes lots of money in America? One wealthy group is CEOs. In fact, according to Forbes, “CEOs of the nation’s 350 largest companies earned about \$18.9 million in 2017.” That might be a club many folks would like to join, so where can we apply?



In our [early summer issue of PSX](#) we discussed the problem of workplace bias and harassment focusing on #METOO among other hash tags. We shared that as of May 2018, there were just 24 female CEOs leading Fortune 500 firms, less than 5% of that

*Mind the GAP*  
*Pay Differential*  
*between Men and Women*

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cohort. And according to an article in the The New York Times, the blame for this low representation can be placed with the boards themselves who “tend to bring in C.E.O.s who are similar to themselves.” (4) Essentially, men in charge of hiring hire men. This presents a significant challenge to California based public companies that are looking for women to add to their boards, especially since many require “executive experience” to become a board member – and by executive they mean CEO, and by CEO they mean men (at least 95% of the time). That is clear bias and is also the opportunity gap in action. Solutions include following California’s lead in all 50 states. Pretty soon the developmental opportunities for women would improve.



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But it isn't just the men in charge of hiring the CEO and selecting candidates who "look like them." The workplace bias (or lack of opportunity) starts much earlier in an individual's career. Women are out of the workplace early in their career to give birth and raise their families. The US is the ONLY developed country without a national paid leave policy for mothers. But others argue that offering women extended parental leave takes them out of the workforce and thereby reduces their opportunities (and ultimately pay). Solutions include on-site childcare and parental leave that encourages men to take that time off.

So what's a woman to do to get on the same track as a man? The Georgetown Center on Education and the Workforce suggests getting an advanced degree.

Women with a master's degree earn about the same as men with a bachelors degree, for example. Or pick a high paying college major (think STEM). Or aggressively negotiate your starting salary. Yes all those might work at the beginning, but without changes to the embedded bias a woman will ultimately be paid less.



Better solutions might include actually paying traditional jobs held by women at an “effective” rate. Do we really want those individuals who are teaching our kids to earn something just north of Federal Poverty Level? Does that bring the best teachers to the profession? Does that give our kids the best chance for success?

We need to find a way to have 51% of our population have equal opportunities (and then equal pay) to the other 49%. ■■■

*Michael Graham can be reached any time at Michael.Graham@Grahall.com*

Footnotes:

- 1) <https://www.vcstar.com/story/news/2018/10/07/california-law-company-boards-spotlights-deep-challenges/1507600002/>
- 2) <https://www.infoplease.com/equal-pay-act>
- 3) <https://www.cnbc.com/2018/03/16/goldman-sachs-reports-mean-gender-pay-gap-of-55-point-5-percent.html>
- 4) <https://www.nytimes.com/2018/09/28/us/missing-women-ceos.html>