Is 2018 the Year of the Woman 2.0? Women are speaking out against harassment and entering politics at unprecedented levels—but while women have made progress on important fronts, many barriers to equality remain, and most of them are economic.
More than eight times as many women as men are working for poverty-level wages. Ending occupational segregation and raising the minimum wage would boost the economy—and directly better their opportunities to thrive. (SEIU Local 99 / Creative Commons)

From the wage gap to job segregation, and from the motherhood penalty to gender disparities in the boardroom, economic barriers have real impacts on the income, welfare and ambitions of women at all levels.

The most obvious economic barrier facing women is the persistent wage gap. Despite the passage of the Equal Pay Act more than 50 years ago, a woman working full-time, year-round still earns nearly 20 percent less than a man, and despite big improvements in the 1980’s and 1990’s, recent progress has stalled.

Over the past 10 years, the wage gap has narrowed by only two percentage points. If the current pace of change continues, we won’t reach gender parity in wages until 2059. The wage gap is even worse for women of color—Black and Hispanic women face a wage penalty of more than 30 percent—which also means that at the current pace, Black women will have to wait 101 years and Hispanic women will have to wait 206 years for pay equality.

This issue is not just about fairness. It carries real economic significance for women and their families.
According to recent analysis by the Institute for Women’s Policy Research, the earnings gap will cost a college educated millennial woman $1 million over her lifetime. But the gap is costly among the less educated, too. In fact, closing the wage gap would cut the U.S. poverty rate for working woman in half.

But even if women got equal pay for equal work, women would still face pay inequality with men.

Fewer than 7 percent of women work in male-dominated industries, including many skilled labor occupations that offer higher wages than other jobs available to those without postsecondary education as well as high-education, high-earning careers in science, technology, engineering and math (STEM) based fields. While women are earning STEM degrees in increasing numbers, they aren’t necessarily reaping the benefits: 49 percent of men with STEM degrees work in technical fields, but only 30 percent of women with STEM degrees do. Instead, a large share of women work in female-dominated occupations like teaching and care work that typically offer lower wages. As a result, more than eight times as many women as men are working for poverty-level wages.

Further, many women have less time for paid work as a result of the time they spend caring for family members. More than 90 percent of women who work part-time cite family or child care obligations as their reason. This is linked to culture-based gender norms about caregiving, which have been slow to change: While fathers have doubled the time they spend on childcare and housework since 1975, mothers still spend nearly twice as much time on these tasks as fathers do, despite the gender gap in labor force participation dropping from
40 percentage points to 15 percentage points over the same period.

This gender gap in care work is a significant factor in earnings. The arrival of a child in the family is associated with a sudden, dramatic and persistent drop in the mother’s earnings, while we observe near-continuity in the earnings of a new father. This arises from the expectation that if one parent is going to reduce working hours, switch to a lower-paying and more flexible job or withdraw from the labor force, it should be the mother—who is often already earning lower wages—and not the father. As a result, nearly all of the remaining earnings gap can be attributed to this “motherhood penalty.”

Even absent care responsibilities, women’s economic prospects are limited by implicit barriers to certain occupations. Some point to professional environments that are inhospitable to women, especially in male-dominated occupations, as a key driver of gender differences in occupational choice. Precedents are set early—for example, recruiting sessions for software engineers often include overt references to gender stereotypes, pornography and prostitution and rarely include speaking roles for women recruiters.

But even in fields that are not male-dominated, pipelines are leaky and gender ratios continue to worsen among successively higher levels of leadership. Four out of five chief executives are men, reflecting the many barriers to professional women in reaching the “C-suite” level.

Since women’s leadership styles are traditionally associated with a higher concern for others, whereas men’s are traditionally associated with more assertive agency, workplace expectations also reflect the belief that
women are more likely to take responsibility for non-promotable tasks like serving on committees or planning the office party, which may hinder their advancement. Women are also often not seen as natural leaders, which puts them at a disadvantage for being selected for promotion. And advancement at the highest levels often requires active self-promotion, which women are also less likely to undertake.

Clearing these hurdles will take changes at both the policy and organizational levels, but we do have evidence of approaches that work. Increasing pay transparency can help address wage gaps within companies and occupations. We can begin to address job segregation by exposing young women to more women role models in high-earning, male-dominated fields. Workplace cultures can also play a role in the balance of unpaid care work at home: evidence suggests that when men are given longer paternity leaves we see long term differences in paternal caregiving—a change that could pay large dividends in women's lifetime earnings.

The progress women have made in 2018, from denouncing sexual harassment to winning a seat at the political table, are crucial steps toward equality. But the pathway to full gender equality will require women to tear down many economic barriers that are still standing in their way.

*These issues and many others are the central focus of the Pathways to Gender Equality Conference, hosted by the Institute for Women's Policy Research and the Program on Gender Analysis in Economics at American University and taking place right now. Tune in on social media by following the #PathWays2GenderEquality hashtag!*
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