

Can competition explain the wage gap between the sexes?

Many attempts have been made to explain the imbalances between men and women that exist in regard to both employment and wages in the labor market. In their working paper titled “Do Competitive Work Places Deter Female Workers? A Large-Scale Natural Field Experiment on Gender Differences in Job-Entry Decisions” (NBER Working Paper 16546, November 2010), researchers Jeffrey A. Flory, Andreas Leibbrandt, and John A. List explore the role that compensation schemes have in men’s and women’s job-entry decisions.

To determine the degree to which competition in the workplace may affect the wage gap, the researchers designed an experiment in which they posted online advertisements for jobs in 16 U.S. cities. Some of these postings were for men-oriented positions and others for women-oriented positions. Once initial interest was expressed by a jobseeker, the person was then sent more detailed information about compensation for the position. Some jobseekers received information stating that their compensation would be heavily based on competition, others were told that their compensation would be loosely based on competition, and a third group was told that wages would not vary according to performance. The jobseekers could then choose whether or not to formally apply for the positions.

The experiment yielded some interesting results that provide insight into the effect that competition may have on the wage gap between the sexes. The factors that affect the gap

were determined to be the proportion of compensation that depends on relative performance, whether job tasks are completed in teams, and the nature of the work. The data show that men, compared with women, applied for a greater proportion of positions in which performance was heavily weighted in determining compensation. The researchers’ data show that both men and women are averse to competitive workplaces; however, women were shown to be less likely to be willing to work in a competitive environment than men. In cities with higher average compensation for all jobs than other cities, Flory, Leibbrandt, and List found that women are less likely to apply for positions in competitive workplaces. Furthermore, the authors’ research indicates that, according to evaluations of applicants’ essays, men of lower ability levels are more likely to be attracted to competition-based compensation schemes.

The results of this study provide an argument that at least some of the gap in wages may be able to be attributed to the degree to which men and women are willing to compete in the workplace.

Domestic violence and the workforce

In her publication “Economic Stress and Domestic Violence” (National Online Resource Center on Violence Against Women, September 2009) author Claire M. Renzetti examines a number of studies to investigate the relationship between domestic violence (DV) and economic stress. It is Renzetti’s view that this relationship is reciprocal; that is, not only do hard financial times often increase

the likelihood of DV, but DV frequently leads to a cycle of poverty and even more abuse. She further holds that early screening and referral are the most effective methods to prevent DV. This article addresses a number of other important issues relating to DV as well: how DV rates vary by social class; economic hardship, employment, and health concerns; social support networks; public assistance; and implications of advocacy and social programs.

One commonly held misconception about DV that Renzetti’s research dispels is that it affects all social classes equally. Although it is certainly true that women with more financial resources are not exempt from DV, research she cited clearly shows “that as the ratio of household income to need goes up, the likelihood of DV goes down.” One large survey put the odds of DV occurring at 5 times greater in the poorest households than in the wealthiest.

Data on the workforce participation of the population 16 and older displayed marked differences by gender between 1975 and 2000. According to BLS statistics, while male workforce participation basically flatlined at about 71 percent, female participation rose steadily from 42 percent to 57.5 percent during that period. Given that DV is more common in poorer homes, one might think that the greater number of employed women would put downward pressure on the incidence of DV. But the results were mixed; studies showed no clear relationship between DV victimization and employment status.

What is clear is that DV has an effect on job performance. DV victims—especially those with

disabilities—consistently had more issues with absenteeism, more psychological and physical problems, and greater difficulty holding on to their jobs. However, it does appear that employment can help DV victims by increasing self-esteem and reducing social isolation in addition to providing financial benefits. Unfortunately, studies also indicated that many batterers sabotage their victims' efforts to seek and maintain employment, especially those batterers who experience one or more periods of extended unemployment. And, according to BLS statistics, men's employment was more adversely affected than women's in the 2007–09 recession, likely heightening men's frustration and propensity towards violence.

One study cited by Renzetti linked DV to the particularly high levels of frustration and stress experienced by unemployed and underemployed men in disadvantaged neighborhoods. In these instances, women's social support networks (typically family members and friends) are vital to potential victims of DV. Where these networks are not in place, potential victims may feel forced to stay in threatening relationships, especially given the limited availability of shelters. Among those who leave abusive relationships, some of the more common requests are for food, housing, financial assistance, and counseling.

At least one study linked DV and the following health problems for women from households of all levels

of income: chronic fatigue, insomnia, and recurrent nightmares; headaches; chest pain; back pain and other orthopedic symptoms; stomach and gastrointestinal disorders; respiratory problems; and gynecological issues. But more research is needed to determine the exact extent of the linkage.

Domestic violence has a substantial effect on the economy: studies put the cost of DV at about \$5 billion a year in medical expenses and lost productivity. It is difficult to address the issue of DV under normal circumstances, much less the most recent economic recession. Many welfare laws, enacted during the more prosperous 1990s, put severe restrictions on welfare benefits that might otherwise help victims of DV. □