

# IMPACT BRIEF

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## Gender, Promotion, and Raises: Sometimes the Advantage Goes to Men

**Research question:** Is there a difference between men and women in job promotion rates and associated wage gains?

**Conclusion:** Men are promoted and are expected to be promoted more often than women, even when workers with the same job performance and personal characteristics are compared. There is no evidence, however, of gender-based differences in the wage increases that accompany moves up the job ladder. The data also indicate that workers who are promoted soon after being hired are more likely to be promoted again within the next five years. The causal explanation for these findings is hard to pinpoint but may reflect unobserved worker and/or company characteristics in addition to the possibility of discrimination. Differences between men and women in factors such as attachment to the labor force, socialization, choice of occupation, and the discriminatory preferences of customers and coworkers could play a role, as might being put on the “fast track” at the outset. There is little evidence that supervisor bias has any effect.

**Workplace impact:** Promotion decisions that are biased against women impose obvious costs on female workers and, by failing to fully exploit the talents and skills of female workers, also reduce overall organizational productivity and performance. Employers should ensure

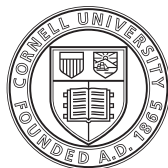
that any differences in promotions between men and women are not a result of discrimination against women. All workers should likewise be aware of these differences when interpreting their own experience.

**Abstract:** Prior studies looking at gender discrimination in the workplace, in the form of promotions and/or raises, have yielded mixed results. Research focusing on promotions has found that women are promoted less often than men, more often than men, and at equal rates. Research assessing both promotions and wages, grounded in the notion that promotions signal a status change that warrants additional compensation, has also produced no consensus on outcomes. This particular study, however, used unique data on recently hired workers at a broad sample of companies that enabled the authors to control for workers’ job performance, educational attainment, and other characteristics, as well as company characteristics such as profit/not-for-profit status, industry, establishment size, and percent of the workforce covered by a union contract in order to analyze gender differences in actual and expected promotions and accompanying wage gains.

The researchers approached the problem in three steps. They first determined the probability of promotion for men and for women by exploring the extent to which promotions were affected by individual productivity (or job performance) and observable characteristics (e.g., occupation, company type). They then considered changes in wages from the time each worker was hired, focusing on the effect of promotions, expected raises from expected promotions, and within-job increases in

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the absence of promotions. And finally, they noted the gender of each worker's supervisor to test the possibility that differential promotion rates reflected employer bias on the part of supervisors. Throughout, they wrestled with the unknown impact of unmeasured but critical factors, such as different preferences between men and women in their attachment to the labor force or in the occupations they choose, or differences in how employers treat equally qualified men and women. Given these constraints, the researchers acknowledge that their estimates of discrimination could be biased either upwards or downwards.

Still, the study's findings add another perspective on the continuing effort to understand whether, to what extent, and why men's and women's experience in the labor market differs. The analysis showed that among recent hires, men were more likely than women to be promoted. Men's relative success in this arena could not be explained by workers' job-specific performance ratings, education or tenure, occupational controls, or firm characteristics. However, the controls for occupation and firm characteristics narrowed the gender gap slightly. Similarly, the data indicated that employers expected the men were more likely to be promoted over the next five years but that workers of both genders stood a good chance of future advancement. The data also revealed that workers who had already received a promotion were more likely to keep climbing the job ladder than were coworkers who had not; indeed, the researchers raise the possibility that an early jump onto the fast track might be a positive indicator of long-term career growth.

Wages, on average, increased 7%-8% in the wake of a promotion for both men and women. While the wage returns to promotion and expected promotion were sta-

tistically similar for each gender, the researchers caution that the wording on the survey used to collect the data may have produced an underestimate of a gap favoring men. Here, too, the data do not provide any causal explanation for these results although the researchers again note unobserved characteristics, such as employer willingness to promote men with less ability and only women with more ability but rewarding both cohorts with equal raises.

On the other hand, the researchers found no evidence of what academics call "taste-based models" of gender discrimination as applied to supervisor behavior. Analysis of the data used in this study indicates that male supervisors are about as likely to promote, or expect to promote, women as men. Another way to interpret this finding is that female, as well as male, supervisors may be discriminating against their female subordinates in granting promotions and pay increases. Nonetheless, employees' performance evaluations seemed untainted by discrimination on the part of either male or female supervisors.

**Methodology:** The researchers relied on data gathered through the Multi-City Study of Urban Inequality, which surveyed a total of 3,510 employers in Atlanta, Boston, Detroit, and Los Angeles between 1992 and 1995 to estimate several economic and statistical models of promotion probabilities and wage increases.

**Source publication:** "New Evidence on Gender Differences in Promotion Rates: An Empirical Analysis of a Sample of New Hires" is forthcoming (2007) in *Industrial Relations: A Journal of Economy and Society*.

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