

Do female managers help to lower within-firm gender pay gaps? Public institutions vs. private enterprises

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We investigate the link between the presence of female managers and the firm-level gender pay gap and its private/public sector perspective. We then provide evidence on this link for Poland, where large shares of workers are employed in the public sector, and the gender wage gap is smaller in the public than in the private sector. We hypothesize that women's overrepresentation in the public sector relative to the private sector, especially at the managerial level, translates to its lower overall gender wage inequality.

Using a comprehensive set of linked employer-employee data, we derive the estimates of the gender wage gap at the individual level and at the firm level. We use two methods to estimate the gaps – standard Oaxaca-Blinder decomposition and Ćopo decomposition based on a matching algorithm, which allows us to account for sorting of men and women with certain characteristic to specific firms. The two approaches yield consistent results.

We show that the private and public sectors differ in the role workers feminization plays for within firm gender pay gaps. While the presence of female managers does not appear to relate to the size of the adjusted gender pay gap in the private sector, it appears to hold for some of the public sector firms and institutions. These public institutions tend to have a highly skilled workforce, offer above-average wages, have a relatively small or even positive pay gap, and operate in the public administration or education. What matters are not only management strata, but also the institutional context as indicated by the public / private sector difference. Moreover, data and methodological issues are important: both with respect to how managerial positions are defined and identified and how occupational differences of men and women are captured and are controlled for. Future research on the role of female managers in determining firm-level gender pay gaps should further account for the firm and occupational sorting of workers. Looking at how women advance their earnings within and between firms and how these careers' progressions are shaped by the presence of women at managerial levels could be an interesting area for future studies.

For private companies we find that a higher share of workers who are women correlates with a smaller firm-level pay gap. This finding, which stands in contrast to theoretical predictions and some of the empirical evidence, relates particularly to private firms that already have large wage gaps and which employ large shares of low skilled workers. We believe this result may partly be driven by the matching methodology we applied, which allows us to account for between and within firm sorting of men and women. Moreover, it may pertain to the fact that in these companies the share of female workers tends to be low, so its increase may lead to more equal pay.

The complete results of our research are published in the article:

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