BOSTON

closing the

WAGE GAP

Becoming the Best City in America
for Working Women

2013
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October 31, 2013

Dear Friends:

In 2013, I pledged to help close the wage gap between working men and women in Boston, as part of my efforts to make Boston the premier city for working women. This pledge is inspired by what we all know to be true: when Boston's women thrive, our city thrives – our employers are able to find the talent they need to excel, our many colleges and universities are dynamic and diverse, families are well cared for, and neighborhoods are active and communities are connected.

The persistent wage gap between working men and women presents an impediment to women's success, and thus of our great city. When women are undervalued and underpaid, it is harder for them to care for their families, pay off student loans and save for retirement. Women’s choices and futures become limited, ultimately limiting the success and growth of our businesses and institutions.

I am proud of the tremendous advancements this city has made in my lifetime. Boston has broken down racial barriers and overcome the tragedy of segregation, and our state was the first in the nation to legalize gay marriage. Boston could now be the first major city to achieve pay equity. It will take employers working together, adopting proven interventions and inventing new ones.

I am grateful to the Women's Workforce Council for their leadership on pay equity. And I am excited about the recommendations outlined in this report and the opportunities Boston has to close the wage gap. Together, we’ve come so far. In 2013, it is time that we take this next great leap.

Sincerely,

Thomas M. Menino
Mayor of Boston
October 31, 2013

Dear Fellow Bostonians:

When Mayor Menino declared 2013 to be the year of the woman in Boston, I know many of us were thrilled with the recognition of the stubborn issues that have faced women in the workforce. Whether in a white collar or blue collar job; armed with post high school education or not, or caring for children or others or not, women live with the fact that they are not paid as well as men. Some of this is the result of choices women make, such as careers or education; some of it involves the environment in which they live, which may or may not have affordable child care, housing or transportation. But some of it also involves the culture of the workplace. Getting to the heart of this workplace issue is something that would benefit not just women, but the businesses that employ them. Businesses thrive when they engage and benefit from 100% of the talent they employ, and that means solving the question of why women do not progress as expected and why they are not paid as well as men. Simply put, if women thrive, businesses thrive. And that also means that if women thrive, Boston thrives, so solving this problem is important for everyone.

It is this basic business conundrum that we have focused hard on in the Council’s work. Our first effort was to compile all of the relevant data on the issues, and document what research has taught us about what interventions work in addressing the wage gap. Then we set out to write a new Boston Compact that would bring business and government to the table to recognize the importance of this issue, address it in ways that make sense for each business, and report on progress. We believe that the timing for this effort was perfect. Employers recognize the importance of attracting and retaining their terrific women workers and are frustrated by the often unintentional aspects of the workplace that prevent them from doing so.

We were right—and the thirty-five businesses and educational institutions that are the initial signatories of the Compact are testimony to this. We are pleased and proud that this effort has struck such a responsive chord in the Boston area. It has been an effort to which all the members of the Council have contributed greatly, with their insights, their research and their convening and persuading skills. We were most ably supported by the Mayor’s Office, especially Katharine Lusk, Marie Turley and Ashley Freeland.

But most of all it was the leadership of Mayor Menino that brought this Compact to fruition and we are immensely grateful to him for giving us the opportunity to make such progress. Going forward, we are convinced that Boston will be seen as the best place in the US for working women and that will be a lasting legacy of this Mayor.

Sincerely,

Cathy E. Minehan
Dean, Simmons College School of Management
Chair, Boston Women’s Workforce Council
The Women’s Workforce Council was established by Mayor Thomas M. Menino on April 9th, 2013— known nationwide as Equal Pay Day. The day marks how far into 2013 women need to work to earn what men earned in 2012. The first of its kind in the country, the Council’s mission is to help transform Boston into the best city in the country for working women.

Members of the Council represent the financial, engineering, medical, law, technology and retail sectors, and include small business owners, entrepreneurs, senior executives, as well as academic, labor and nonprofit leaders.

The Council’s first priority was to identify new and creative ways to help close the wage gap between working men and women, helping Boston become the first major city to achieve pay equity. This report outlines the Council’s recommendations to employers throughout the city and across the region.

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INTRODUCTION

WOMEN ARE A DRIVING FORCE BEHIND BOSTON’S ECONOMY AND ITS THRIVING NEIGHBORHOODS. Boston is a majority—women city, with 52% female residents and more young women per capita than any other major city in the country. Almost one fifth of our residents are young women between the ages of 20 and 34. Nearly half of households with school age children are headed by single women.

BUT TODAY, WOMEN IN BOSTON CONTINUE TO BE UNDERPAID RELATIVE TO THEIR MALE PEERS. In 2011, female residents working full-time earned 83 cents for every dollar earned by male residents. And women who work in Boston, whether they live here or in surrounding suburbs, earned 85 cents for every dollar earned by working men. Some of the gap may be explained by gender differences in work experience or industry. But after accounting for these differences in human capital, working women in Boston may still be earning an estimated 93 cents on the dollar.

THIS INEQUITY HAS DIRECT CONSEQUENCES FOR BOSTON’S LABOR MARKET. It makes it harder to attract and retain talent and get the most out of half the labor pool. It is also an indicator of other underlying problems—including a continued shortage of women pursuing high paying, high value careers in science, technology, engineering and math.

IT IS A COMMONLY HELD MISCONCEPTION THAT WOMEN EARN LESS THAN MEN EXCLUSIVELY BECAUSE OF PERSONAL LIFE CHOICES. Many women do select a college major or career track that may be less lucrative, take time off to have children, or work fewer hours. But the wage gap persists despite the fact that the Boston region boasts the best educated female population of any city in the country. And nationwide studies that control for these and other differences between working men and women demonstrate a persistent pay gap. The entire gap simply cannot be explained away. There is also ample evidence to suggest that not all “choices” can truly be defined as such.

UNCONSCIOUS, PERSISTENT BIAS TOWARD WOMEN MAY UNDERMINE THEM AT MANY STAGES OF THEIR CAREERS, whether during the selection of a major or career track, during the hiring process or as they advance up the ranks of an organization. Studies have shown that the skills of male employees tend to be overvalued, while women—particularly mothers—are undervalued. The absence of female role models also perpetuates false beliefs about women’s aptitude, whether in specific fields or as leaders.

WHILE THIS REPORT CANNOT SERVE AS A ROADMAP FOR EVERY BOSTON AREA EMPLOYER, IT IS MEANT TO INSPIRE FRESH THINKING, PROMPT INTROSPECTION AND BE A CATALYST FOR POSITIVE CHANGE. It seeks to shed light on pay inequity in Boston, explains some of the root causes and offers remedies employers and educators can employ to narrow the wage gap. Collectively, there are tangible steps that can help close the gap between working men and women. For employers, these steps go beyond noble gestures. They can contribute to lower turnover, higher employee satisfaction and a robust pipeline of talent for many years to come.
WOMEN IN BOSTON

Boston’s women are a truly unique asset. The hub has the highest proportion of young women and the highest proportion of highly educated women of any city in the country. And women generally make up a dominant share of employees at Boston’s largest industries. Nevertheless, Boston is leaving untapped some of the incredible potential of this population.

A Remarkable Asset

WOMEN OUTNUMBER MEN. Women make up 52% of the resident population¹ and 51% of the working population in Boston.²

BOSTON BOASTS THE LARGEST PROPORTION OF YOUNG WOMEN OF ANY MAJOR CITY. 18% of all residents are women between the ages of 20 and 34. This is a higher proportion than any of the top twenty-five most populous cities in the country where, on average, just 13% of residents fall into this age cohort.³

The Boston region has the BEST EDUCATED FEMALE POPULATION IN THE COUNTRY, claiming a considerably higher proportion of college-educated women between the ages of 25 and 64 than any other metro area. And nearly 60% of young women in the Greater Boston region have a bachelor’s degree.⁴

In addition, women in the City of Boston are twice as likely to have a graduate degree as women in the rest of country. 19.9% have a graduate degree, compared to 10.1% of women nationwide.⁴

AND WOMEN DOMINATE SOME OF BOSTON’S LARGEST INDUSTRIES. Healthcare, Finance and Insurance, and Higher Education make up Boston’s largest industries.⁵ Women account for 68% of employees in Healthcare and 43% of employees in Finance and Insurance. While numbers for higher education are more difficult to ascertain, women occupy 59% of jobs in the Education industry in Boston.⁶

¹ 2010 US Census
² 2010 US Census
³ 2010 US Census
⁶ Numbers noted apply to all Massachusetts residents who work in Boston. American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis.
Untapped Potential

WHILE WOMEN DOMINATE SOME OF BOSTON’S INDUSTRIES, THEY REMAIN CONSISTENTLY UNDERREPRESENTED IN CERTAIN OCCUPATIONS. Of the ten highest paid occupations in Boston, women either dominate or have achieved equal representation in just three – education; healthcare practitioners and technicians; and life, physical and social sciences occupations. They have achieved pay equity in just one – computer and math-related occupations – where they make up less than a quarter of the local workforce.⁷

BOSTON HAS FEWER WOMEN-OWNED PRIVATE BUSINESSES THAN OTHER MAJOR CITIES. Boston ranks just thirty-first out of the fifty largest cities in the country in the proportion of women-owned businesses. Fewer than 30% of privately held businesses are owned by women.⁸

WOMEN-OWNED BUSINESSES ARE GROWING MORE SLOWLY IN THIS REGION THAN IN OTHER AREAS OF THE COUNTRY. Over the last ten years, fewer new women-owned businesses have opened and those that already existed have grown more slowly than other metropolitan areas. The Boston metropolitan area ranks just nineteen out of twenty-five in terms of growth in the number and revenue of women-owned firms.⁹ While financing may not be the only underlying challenge, recent research suggests that the local venture capital community could do more to support women entrepreneurs.¹⁰

WORKING WOMEN IN BOSTON ARE MORE LIKELY THAN MEN TO WORK PART-TIME. 34% of women employed in Boston worked fewer than thirty-five hours in a week, compared to 24% of men.⁹ It is important to highlight that this distinction does not explain Boston’s wage gap, which is based only on median earnings of full time workers. It may, however, suggest a preference among women for more flexible work schedules. It could also be an indication that women in Boston are underemployed.

WOMEN CONTINUE TO BE UNDERREPRESENTED IN SENIOR AND BOARD LEVEL POSITIONS. In Massachusetts, women occupy just 12.7% of board seats and just under 10% of executive officer positions.⁴ They also account for 35% of board positions and 20% of chief executives at MA nonprofits, including hospitals and academic institutions.¹"
NATIONWIDE, WOMEN WORKING FULL TIME EARN 77 CENTS FOR EVERY DOLLAR EARNED BY A MAN.\textsuperscript{10} Some of this gap can be explained by differences in career and life choices made by working men and women. Women tend to concentrate in lower wage jobs. They are also less likely than men to major in or pursue more lucrative careers, like those offered by science, technology, engineering or mathematics (STEM) fields. And women are more likely to take time off when they have children or work part time, which may contribute to fewer years of work experience. However, these “human capital” factors tend to account for only a portion of the gap in pay.

IF WORKING WOMEN HAD EXACTLY THE SAME CHARACTERISTICS AND EXPERIENCES AS WORKING MEN, THEY WOULD STILL BE EARNING 91 CENTS FOR EVERY DOLLAR EARNED BY A MAN. A 2007 study of wages nationwide found that some of the wage gap could be explained by differences in human capital, including occupation, industry, work experience, union status, and educational attainment. But even after accounting for these factors, 41\% of the wage gap remained.\textsuperscript{vi} Why?

WOMEN CONTINUE TO ENCOUNTER IMPLICIT BIAS AND DISCRIMINATION IN THE WORKPLACE. Women are less likely than comparable male candidates to be granted interviews, particularly in fields where they are underrepresented.\textsuperscript{vii} And women who violate gender norms – whether by pursuing male dominated professions\textsuperscript{viii} or negotiating for a salary\textsuperscript{ix}— may experience bias from hiring managers. Yet male-dominated fields continue to be some of the most financially rewarding.\textsuperscript{11}

In areas where they continue to be underrepresented, such as STEM, women and girls are perceived as having less aptitude. This false perception creates “stereotype threat.” Females avoid certain fields – whether in high school, college or as a career – because they fear failing and reinforcing a negative stereotype.\textsuperscript{x}

WOMEN CONTINUE TO SERVE AS PRIMARY CAREGIVERS AT HOME, BUT FACE A “MOTHERHOOD PENALTY” IN THE WORKPLACE. Mothers are less likely to be hired, considered less competent and paid less than non-mothers.\textsuperscript{xii} Most mothers who leave the work force to care for children wish their employer had offered more flexible options to help them manage family and work.\textsuperscript{xii}

WOMEN CONTINUE TO BE UNDERREPRESENTED IN SENIOR EXECUTIVE AND TENURED POSITIONS. The shortage of women at senior levels—whether in academia, nonprofits or private employment—contributes to the aggregate wage gap, but may also adversely impact the pipeline of female talent. The absence of role models may serve as a signal that certain industries are unresponsive to women, while contributing to the belief that women have fewer leadership qualities.\textsuperscript{xiii} The number of senior women is also positively correlated with the retention of junior women.\textsuperscript{xiv} Too few women leaders today beget too few leaders tomorrow.

\textsuperscript{10} Based on 2011 median annual earnings of male and female full-time workers. The gender wage gap is often expressed by an “earnings ratio”, which is women’s median earnings divided by men’s median earnings. The actual gap = 1–earnings ratio.

\textsuperscript{11} Men make up the majority of workers in seven of the ten highest paid professions in Boston. Source: American Community Survey, 2011.
**Sector Specific Gaps**

In three recent studies, researchers examined the earnings of men and women in relatively homogeneous populations. Here too, between one-third and one-half of the wage gap could not be explained by any differences between working men and women – other than gender.

**RECENT FEMALE COLLEGE GRADUATES EARN LESS THAN THEIR MALE CLASSMATES.** Women one year out of college earned 82% of the median full-time earnings of their male classmates. When the authors controlled for many factors that may explain the wage gap, they found that young women were still only making 93 cents for every dollar earned by male classmates with the same characteristics and experience. 39% of the wage gap could not be explained by any factor other than gender.

**FEMALE PHYSICIANS EARN LESS THAN COMPARABLE MALE PHYSICIANS.** A 2012 study examined the wages of 800 mid-career male and female physicians. All worked at academic institutions and had been awarded prestigious funding grants. On average, women physicians were earning 84% of the pay garnered by male peers, equivalent to a nearly $33,000 pay deficit. When the authors controlled for multiple variables that could help explain the gap in pay, they found that men out-earned women by over $13,000. 37.4% of the wage gap could not be explained by any factor other than gender.

**WOMEN EXECUTIVES ARE COMPENSATED LESS THAN THEIR MALE COLLEAGUES.** A study of senior executive compensation at over 800 public companies found that women executives earned roughly 70% of the total compensation of their male peers. Some of this gap was explained by the fact that women tended to be in lower level executive positions and managing smaller companies than men. After controlling for variables that could contribute to a pay discrepancy, the authors estimated that women executives made 16% less than men. In this case, nearly half (47%) of the wage gap was due to gender. When the authors only looked at firms that included at least one female executive, and controlled for all the same variables along with age and tenure of the employee, they found that women were still earning roughly 13% less than their male colleagues.

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12 Variables included occupation, sector, hours worked, months unemployed since graduation, GPA, major, institution selectivity, age, region, and marital status

13 Variables included age, race, marital status, parental status, level, specialty, employer type, publications, hours worked, research time, and region

14 Variables included firm size and performance, level, and proportion of women on the compensation committee
Boston’s Wage Gap
Boston’s gender wage gap varies significantly across racial and demographic groups, as well as by industry and occupation.

Local and Regional Wage Ratio
In 2011, working female residents of Boston earned 83% of the earnings of working male residents in Boston. This gap translates to an annual difference of almost $10,000 in median pay. Over the last seven years, the gap has persisted, even while fluctuating from 7% to 17%.15

With the exception of 2011, the gender wage gap has been consistently wider for women who work in Boston but live in the region than for women who work and live in Boston.16 In 2011, women who worked in Boston earned 85% of the income of men who worked in Boston, while in prior years the wage gap ranged from 11% to 19%.

Women workers experience an estimated lifetime earnings loss of more than $155,000, after accounting for potential differences in human capital.17 This estimated ‘penalty’ for being a working woman rather than a working man in Boston fails to account for missed compounded growth of savings, investments and retirement funds.

Wage Ratio Among Cohorts
Younger women in the region experience a narrower wage gap than older women.18 Women under the age of 24 do not experience a gap between their median pay and that of men in the same age group. However, after the age of 24, the gap widens from 13% for 25–34 year olds to 46% for women over 65.

Higher levels of education do not accrue to a narrower wage gap.19 As working women in Boston achieve higher levels of education, the gap between their pay and that of men with the same education generally widens. An undergraduate degree earner makes 75% of the median pay of a male college graduate. A woman with a professional degree, such as an MBA, earns even less — just 70% of the income of a male with a professional degree. If that ratio remained constant, a woman with a professional degree would earn $1.5 million less over a forty year career.20 Women with PhDs appear to buck the trend, earning 96% of the income of male PhDs. And women with Associates degrees out-earn men with Associate’s degrees in Boston.

15 Numbers noted apply to Boston residents. Source: Years 2005 through 2011, American Community Survey, 1-Year Estimate. Median Earnings for the Full-Time Year Round Civilian Employed Population 16 years and over
16 Numbers noted apply to all Massachusetts residents who work in Boston Source: American Community Survey, 1-Year Estimates, Median income of full-time workers. Public Use Microdata Sample (PUMS), BBA Research Division Analysis
17 Assumes an unexplained gender wage gap of 6% over a 60-year career. As per Blau (2007), a given female worker in the U.S. earns 6% less relative to a male worker, even after controlling for differences in occupation, industry, work experience, union status, and educational attainment. The estimate noted here does not account for differences between working women and men nationwide and working women and men in the Boston region.
18 Numbers noted apply to all Massachusetts residents who work in Boston. Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BBA Research Division Analysis. Income of Full-Time Workers Employed by Age
19 Ibid. Income by Education
20 Based on 70% median wage ratio for full-time workers with a professional degree who live in MA and work in Boston. In 2011, full-time working women with a professional degree earned a median income of $85,000 and men earned $121,650.
### MINORITY WOMEN FACE A WIDER GAP THAN WHITE WOMEN

Black and African-American women make 56% of the income of white men, while Hispanic or Latina women earn just 44%. Asian women do slightly better, earning 67% of the median income of white men.

### NATIVE BORN WOMEN ALSO FACE A SIGNIFICANTLY WIDER GAP

Native born women earn 79% of the income of native born men, while foreign born women make just 60% relative to native born men. Foreign born women do tend to earn the same as foreign born men, having achieved 99% pay parity.

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21 Numbers noted apply to all Massachusetts residents who work in Boston. Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis. Income of Full-Time Workers Employed by Race

22 Ibid., Income by Birth Status
Boston’s Wage Gap (Continued)

**Wage Ratio by Occupation**

THE WAGE GAP VARIES SIGNIFICANTLY BY OCCUPATION IN BOSTON. Among twenty-two different occupations tracked by the US Census Bureau, women have achieved pay parity in just four. Among the remaining occupations, the gap ranges from 49% to 4%.

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**Boston’s Income Ratio and Female Representation by Occupation**

![Graph showing wage ratios and female representation by occupation.](source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis, Income by Occupation & Sex of Full-Time Employed. Includes Boston employees regardless of residence.)
**Boston’s Wage Gap (Continued)**

**EVEN IN OCCUPATIONS WHERE WOMEN MAKE UP THE MAJORITY OF EMPLOYEES, A WAGE GAP PERSISTS.** Healthcare, a dominant Boston industry, provides one such example. In healthcare support occupations, women make up nearly 90% of employees, yet earn 51% of the income earned by their male peers. Women also dominate among healthcare practitioners and technicians, but earn just 75 cents for every dollar earned by men in the field.23

**WOMEN WORKING IN BOSTON TEND TO BE CLUSTERED IN LOWER PAYING OCCUPATIONS.**24 Men outnumber women in seven of the ten highest paid occupations in Boston, whether measured by mean or median annual pay. In three of the top ten, men make up more than 75% of the employee base. Employees in women-dominated occupations earn an average of $62,500 annually, regardless of employee gender, while employees in male-dominated professions earn $70,500 a year on average.

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23 Numbers noted apply to all Massachusetts residents who work in Boston. Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis. Income of Full-Time Workers Employed by Occupation.

24 Ibid.
UNDErstanding the Impact

Professional Impacts

The gender wage gap has broad implications in the workplace. The underlying causes of the gap limit the talent pool and make it harder for employers to hire and advance the best candidates. Conversely, pay fairness has been shown to improve employee productivity and engagement, as well as lower turnover.

Talent Pool

Every employer wants to ensure they are enlisting and retaining the best and brightest talent. But the barriers that preclude more women from majoring in and entering high paying fields—including unconscious bias, stereotype threat or discrimination—limit the pool of prospective candidates.

Hiring

In some fields, particularly those that have historically been male-dominated, implicit and explicit bias against women persists. This limits the prospective talent brought in for interviews, and adversely impacts hiring decisions. Optimal hiring processes, including those that use gender-blind screening, diverse evaluators or a comparative review of a candidate pool—rather than individual candidates—both draw in and filter out the best applicants.

Productivity

Equitable pay can contribute to the belief that an employer is fair, which in turn has been shown to improve worker performance and morale.

Retention

Employees who believe they are fairly paid report being more engaged than those who feel they’re underpaid. They also say they are significantly less likely to quit. Retaining female management may also make it easier to retain other female employees. An increase in the proportion of women at senior levels has been shown to lower the likelihood that junior women exit a firm.

Advancement

Nonexistent or poorly designed performance review processes encourage managers to rely on stereotypes and personal preferences. This makes it less likely that the best performing employees, regardless of gender, are able to advance. Optimal performance evaluation processes can be designed to ensure the best candidate is given the opportunity to advance. For example, pooled evaluation of employees can reduce unconscious bias by ensuring employees are evaluated against the same set of criteria and against one another.
OVER THE COURSE OF A FORTY YEAR CAREER, A WOMAN WORKING FULL-TIME IN BOSTON EARN AN ESTIMATED $380,000 LESS THAN A MAN. This wage deficit makes it more difficult for women to pay off college loans, save for retirement and support their families. It also translates to less spending power.

COLLEGE LOAN DEBT On average, men and women who choose to go to college accrue the same amount of student debt. But because women now attend college at higher rates than men, young women are more likely to carry student debt. And because women earn less, even shortly after college, their student loan payments represent a larger portion of their earnings, leaving less money for other expenses.

FAMILY WELL-BEING In Boston, nearly 45% of households with children under the age of 18 are headed by a single female. Because of the wage gap, they – along with dual income households – face a deficit in earning power that makes it more difficult to adequately care for themselves and their families.

SPENDING POWER Women in the U.S. control an estimated 73% of household spending. But when they’re paid less and bear a larger student debt burden than men, single women and dual income earners have less disposable income. Closing the wage gap would contribute to increased spending power for the most significant buyer cohort.

RETIREMENT SAVINGS Because women tend to live longer than men, lower wages during their working years have an even greater impact on their well-being in retirement. Women over the age of 65 are nearly twice as likely to be poor than men of the same age and 56% of Medicaid recipients are women. In 2011, the average Social Security benefit for women over 65 was roughly $12,700, compared to $16,700 for men of the same age.

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25 Based on 85% median wage ratio for full-time workers who live in MA and work in Boston. In 2011, full-time working women earned a median income of $52,000 and men earned $61,500.

26 Based on 85% median wage ratio for full-time workers who live in MA and work in Boston. In 2011, full-time working women earned a median income of $52,000 and men earned $61,500.

## Summary

### Primary Obstacles
Research into the gender wage gap reveals the specific hurdles women face, whether in school or in the workplace. Some diminish human capital, while others limit women’s opportunities and advancement.

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Description</th>
<th>Root Cause</th>
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</table>
| Higher Ed Segregation           | Women are underrepresented in high paying majors and degrees and overrepresented in low paying ones. |  • Unconscious bias  
  • Stereotype threat  
  • Few role models |
| Occupational Segregation        | Women are clustered in low paying jobs and sectors.                         |  • Unconscious bias  
  • Stereotype threat  
  • Few role models      |
| Entrepreneur Bias               | Female entrepreneurs earn less and receive less funding support relative to male entrepreneurs. |  • Unconscious bias  
  • Discrimination  
  • Network barriers    |
| Biased Hiring                   | Female job applicants are less likely to get interviews, particularly in male dominated industries. |  • Unconscious bias  
  • Taste preference    |
| Negotiating Obstacles           | Women are less likely to negotiate for starting salaries or ask for a raise or promotion. |  • Gendered social penalties  
  • Unconscious bias    |
| Lack of Wage Transparency       | Women are paid less than men in industries with greater ambiguity around pay. |  • Information asymmetries  
  • Lower wage expectations and lower benchmarks |
| Inequitable Performance Evaluation | Men are promoted on future potential while women are promoted on past performance. |  • Unconscious bias  
  • Gender stereotyping  
  • Separate evaluations |
| Motherhood Penalty              | Men are promoted on future potential while women are promoted on past performance. |  • Unconscious bias  
  • Skills depreciation |
| Limited Senior Representation   | Working mothers are undervalued and underpaid relative to fathers and non-mothers. |  • Fewer sponsors  
  • Unconscious bias  
  • Leaky pipeline of talent |
|                                 | Women remain underrepresented in senior levels. Women executives are paid less than male peers. |                                                 |

### Solutions
The wage gap need not persist. But the solutions will not lie in legislation alone. There are many remedies available to employers and institutions of higher learning that enable them to close the gender wage gap while establishing a robust pipeline of talent, retaining and better supporting women employees, and improving employee productivity.

#### Feeding the Pipeline
- Enable optimal major
- Enable optimal career path
- Enable entrepreneurship

#### Hiring, Retaining, Promoting
- Remove bias from hiring processes
- Empower women to negotiate
- Improve wage transparency
- Design fair performance evaluations
- Improve workplace flexibility
- Increase representation of women at senior levels
The following thirty-three interventions have been shown to help close critical gaps in human capital or mitigate bias toward women. While no one intervention is a panacea, the broad array of remedies provides a flexible tool kit for employers to leverage, based on suitability and relevance to their own work environment.

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<tr>
<th>OPPORTUNITIES</th>
<th>POTENTIAL SOLUTIONS</th>
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<td>1. Support initiatives that expose young girls to the STEM fields, as well as finance and law</td>
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<td>2. Expose young women to female role models in fields where they are underrepresented</td>
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<td>3. Expand STEM introductory college courses</td>
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<td>4. Recruit female faculty into tenure track positions in fields where they are underrepresented</td>
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<td>5. Train faculty to be aware of unconscious gender bias and stereotype threat</td>
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<td>7. Create recruiting initiatives for women in underrepresented fields</td>
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<td>8. Support training programs for women in the trades</td>
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<td><strong>ENTREPRENEURSHIP</strong></td>
<td>9. Seek gender diversity among investment partners</td>
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<td>10. Showcase successful women entrepreneurs</td>
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<td>11. Design incubators and co-working spaces to support entrepreneurs with families</td>
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<td><strong>HIRING</strong></td>
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<td>18. Conduct regular compensation evaluations for employees of all levels</td>
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<td><strong>WAGE TRANSPARENCY</strong></td>
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<td>20. Standardize compensation, particularly discretionary compensation such as bonuses</td>
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<td>26. Offer paid family leave</td>
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<td>27. Create and generate awareness of programs that confer employee schedule control, including flex programs</td>
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<td>28. Train managers to manage a flexible workforce</td>
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<td>29. Reorient workplace culture to emphasize results</td>
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<td><strong>SENIOR REPRESENTATION</strong></td>
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<td>31. Actively recruit women to executive level and board positions</td>
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<td>32. Include women on senior search committees</td>
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<td></td>
<td>33. Achieve equitable gender representation on compensation committees</td>
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College Major

CHALLENGE: FEMALE STUDENTS CONTINUE TO BE UNDERREPRESENTED IN SOME OF THE HIGHEST PAYING COLLEGE MAJORS AND ASSOCIATE DEGREES AND OVERREPRESENTED IN LOW PAYING ONES.

- Women account for just 20% of Bachelor’s degrees in engineering, computer science and physics.xxvi These constitute some of the best paid of all undergraduate majors.xxvii
- Even though women make up the majority of those receiving Associates degrees, they account for fewer than 10% of graduates in trades such as construction, mechanics or precision production, and fewer than 30% of engineering, math and computer science graduates.xxviii

ROOT CAUSES: Lack of interest or ability is sometimes cited as the reason too few girls pursue STEM fields. But high school girls actually perform as well as or better than boys in math and science, and the vast majority of girls say they are interested in STEM (science, technology, engineering and mathematics) fields.xxix Evidence suggests unconscious bias and stereotype threat may be the real issues that preclude girls from pursuing these fields.

Studies have revealed unconscious bias on the part of science faculty, both male and female. In a controlled experiment, faculty ranked female students as less competent and less deserving of mentoring and support than identical male students.xxx And “stereotype threat,” where an individual fears her performance will confirm a negative stereotype, has been shown to decrease performance and confidence of female students. This makes young women, and minority women in particular, reluctant to pursue fields where they have been stereotyped as having less aptitude.xxxi

The shortage of female role models among faculty may also contribute to the belief that certain areas of study are not well suited to women. Women continue to be underrepresented in tenure track positions in engineering, physical and computer sciences, biology and other life sciences, in spite of the significant gain in the share of doctoral degrees conferred on women.xxxii Social and professional isolation, whether from a lack of mentors, less work collaboration or fewer work relationships, also contributes to attrition among female faculty.xxxiii

City of Boston: Preempting Stereotype Threat

In the summer of 2013, Mayor Menino hosted the first Girls MAKE the City event. Conceived as a hands on technology festival for middle school girls, Girls MAKE the City featured female leaders in science, technology and engineering.

The event was inspired by research showing the importance of exposing young women to high performing female role models in fields with few women, as a means to reduce stereotype threat and increase their sense of belonging.

A Change-MAKER speakers’ panel and interactive workshops provided opportunities for personal interaction. Speakers and workshop leaders reflected the diversity of Boston, and included academics and professionals, as well as talented college students.
REMEDIES FOR EMPLOYERS AND EDUCATORS

- **SUPPORT INITIATIVES THAT EXPOSE YOUNG GIRLS TO THE STEM, FINANCE AND LAW FIELDS**: The Boston Area Girls STEM Collaborative, Science Club for Girls, Girls Who Code, Invest Girls Inc. and the American Association of University Women offer programming designed to expose girls to industries in which they are underrepresented and inspire them to stay engaged. The most effective programs will help young girls understand the positive societal contributions of these industries, as research suggests women and girls are most drawn to fields with a clear social purpose.\(^{xxiv}\)

- **EXPOSE YOUNG WOMEN TO FEMALE ROLE MODELS IN FIELDS WHERE THEY ARE UNDERREPRESENTED**: Contact with successful women in highly competitive fields with few females helps young women identify with and aspire to similar roles. Exposure to high-performing role models has been shown to 'inoculate' young women against stereotype threat, increase their sense of belonging and reduce self-doubt by acting as a signal or cue that women “belong.”\(^{xxv}\) Exposure to women in leadership positions, more generally, has also been shown to positively influence the aspirations of adolescent girls and their parents.

- **EXPAND STEM INTRODUCTORY COLLEGE COURSES**: Access to more introductory courses can increase the participation of women and minority students in fields where they are underrepresented. Historically black colleges and universities produce a disproportionately high number of female physicists, in part by offering introductory courses for students who did not receive the necessary foundation in high school but still have an aptitude for or interest in physics.\(^{xxvii}\) Vassar offers low income minority students paid scientific research positions before the start of their first year, as a way of encouraging them to pursue a science major.\(^{xxviii}\)

- **RECRUIT FEMALE FACULTY INTO TENURE TRACK POSITIONS WHERE THEY ARE UNDERREPRESENTED**: A comparative evaluation model for hiring and promotions enables employers to mitigate the risk of gender bias. In this model, a diverse pool of candidates is evaluated as a pool, including prospective tenure track hires.\(^{xxix}\) In addition to examining recruiting practices, academic institutions will benefit from creating an inclusive workplace culture, improving mentoring opportunities, and providing supports for working parents.\(^{x}\)

- **TRAIN FACULTY TO BE AWARE OF UNCONSCIOUS GENDER BIAS AND STEREOTYPE THREAT**: Implicit or unconscious bias training would have a two-fold benefit: It may improve the number of women in these majors and create a positive environment to attract more female faculty. Educating students and faculty on stereotype threat has also been shown to help mitigate the risk it poses to the advancement of women and minority students.\(^{xii}\)
Career Path

CHALLENGES: EVEN WHEN WOMEN SELECT A MORE FINANCIALLY REWARDING MAJOR OR DEGREE, THEY OFTEN CLUSTER IN LOWER PAYING SECTORS OR LOWER PAYING JOBS WITHIN HIGH PAYING SECTORS. OVERALL, WOMEN ALSO TEND TO BE CONCENTRATED IN LOW WAGE JOBS. This “occupational segregation” accounts for much of the wage gap.

- **BUSINESS** Women are no less likely to major in business than men. But one year after college, they are significantly less likely than men to be employed in business or management positions and more likely to be employed in administrative roles. Women MBAs are more likely to start at a lower level than men in their first post-MBA job, even after controlling for experience, industry and region.

- **STEM** Just 26% of women with a STEM–related college degree eventually entered a STEM career. And women engineers tend to cluster in management and administration, rather than the better rewarded technical roles.

- **SKILLED TRADES** Women fill less than 2% of higher paying skilled trade jobs.

- **LOW WAGE JOBS** Nationwide, two-thirds of the lowest wage workers are women. Women are twice as likely as men to work in occupations that pay poverty wages.

Women in Boston make up fewer than half of all employees in the city’s highest paid occupations, including technology, architecture, engineering, law, management, and finance.

**ROOT CAUSES** Unconscious bias can lead hiring managers to evaluate female candidates differently than male candidates with the same qualifications. A dearth of female role models can also act as a signal that a particular industry is unreceptive or hostile to women. And stereotype threat may compel some women to avoid certain fields.

In part, women may also be avoiding industries or roles where they feel unwelcome. Apprenticeship programs still tend to favor personal connections and predominately male vocational graduates. Hostile environments may perpetuate a shortage of women: In one study, 88% of women in the construction trades reported being sexually harassed at work.
Evaluate female student perceptions of your industry: Employers interested in attracting the best talent could seek to understand perceptions that may preclude women from entering particular fields.

Create recruiting initiatives for women graduates in underrepresented fields: Achieving at least 25% women candidates in an applicant pool has been shown to reduce the likelihood of unconscious gender bias and stereotyping, thus increasing the likelihood that more female candidates are hired. In some fields, employers will need to actively seek out female candidates in order to achieve the threshold.

Support training programs for women in the trades: Pre-apprenticeships programs like Building Pathways help strip away some of the barriers that preclude women from participating in apprentice training.
Entrepreneurship

CHALLENGE: WOMEN ENTREPRENEURS ARE LESS LIKELY TO TAKE A SALARY THAN MALE ENTREPRENEURS, AND PAY THEMSELVES LESS WHEN THEY DO. This results in a gender wage gap, even among the self-employed. Self-employed workers are included in the calculation of the pay gap.

• Women entrepreneurs pay themselves last, with 41% taking home a salary compared to 53% of male entrepreneurs.¹
• Male founders compensate themselves at higher thresholds, taking home $78,000 on average – considerably higher than the $60,000 that women founders pay themselves.¹¹
• In Boston, women who are self-employed in an incorporated business earn 55% of the earnings of men in the same employment category.²⁸

ROOT CAUSES While no study has yet drawn a causal relationship between entrepreneur pay and performance, some of the gap is likely due to underlying differences in the types of companies women launch and operate. Just 6% of women-owned firms generate over $500,000 in revenue annually, compared to 14% of all firms.³⁰

But another root cause may be the funding challenges women entrepreneurs encounter. Women are more likely to bootstrap (self-fund) or use debt financing for an early-stage company, while men are more likely to seek and gain access to equity financing.¹¹ Self-funding can place a greater burden on women than men, because the former may be coming from prior jobs where they were underpaid relative to their male peers and thus able to accumulate fewer resources. Less start-up capital translates to less money for a founder’s salary, but it also means women entrepreneurs have fewer resources to invest in the business, additional staff and growth opportunities.

Men are considerably more likely to have success receiving equity financing, particularly venture capital. This could be due to many factors, including unconscious bias, stereotypes related to the success of female-led ventures – particularly in technology startups, or a lack of existing relationships with an investment community that continues to be male-dominated.¹⁴ Women have more success in securing angel investments, in part because the angel community includes more women investors than the venture capital community.¹⁵ A recent study by the New England Venture Capital Association found that more could be done to create an inclusive environment toward women entrepreneurs in Boston. 70% of local entrepreneurs say the Boston start up community is just sometimes or not at all inclusive of women.¹⁶

DIVERSIFY INVESTMENT PARTNERS  Firms with women investment partners are 70% more likely to lead an investment in a woman entrepreneur than those with only male partners. Research from 2009 showed that two-thirds of the fifty most active high-tech venture firms do not have any women among their investing partners.

SHOWCASE WOMEN SUCCESS STORIES  Women-led startups, including those in high tech fields, may actually be more efficient users of capital than those run by men. And one study showed that venture-backed firms with female executives were more likely to succeed, even after controlling for other predictors. These and other successes could help change stereotypes about women-led ventures, which may help reduce bias among investors.

REFASHION INCUBATORS AND CO-WORKING SPACES TO SUPPORT ENTREPRENEURS WITH FAMILIES  New incubator and co-working models are emerging which provide greater support for entrepreneurs with families. This may be particularly important to women entrepreneurs, who are more likely to start new ventures between the ages of 35 and 45. Men are more likely to launch a new venture between the age of 25 and 35. In Boston, Space with a Soul added a lactation room for nursing mothers, while Plug and Play in Austin, TX provides on-site drop-in daycare alongside a co-working space.
Attracting, Retaining and Promoting

In addition to encouraging a robust pipeline of female talent, employers can implement specific interventions in the workplace that make it easier to attract, retain and promote top female talent.

Unbiased Hiring

CHALLENGE: FEMALE APPLICANTS ARE LESS LIKELY TO BE GRANTED INTERVIEWS THAN COMPARABLE MALE APPLICANTS, PARTICULARLY IN ROLES TRADITIONALLY OCCUPIED BY MEN. New female hires may also be underpaid relative to men with the same qualifications.

- Of twenty-four studies examining gender bias in traditionally male-associated jobs, twenty-three found gender bias toward female job applicants. In historically male-dominated positions, including chief executives, and fields, such as mechanical engineer and police officer, women with the same qualifications as men were viewed less positively, were less likely to be granted interviews and were less likely to be recommended for hiring.\textsuperscript{lxiii}
- Women one year out of college make 93\% of the earnings of male classmates with the same jobs, experience and grades.\textsuperscript{lxiii}

ROOT CAUSES Gender biases are immediately activated when an evaluator learns the gender of an applicant.\textsuperscript{lxiii} And in some instances, women may need to outperform their male peers to be regarded as equals, which makes it harder for them to get a foot in the door.\textsuperscript{lxiv} In addition, women applying for roles traditionally associated with men are unconsciously penalized for violating gender norms.\textsuperscript{lxv} Mothers suffer from additional biases — in one controlled experiment employers were significantly less likely to interview mothers who applied for an advertised job than childless women.\textsuperscript{lxvi}

In addition, because many employers use prior compensation as the starting point for salary discussions, women who were underpaid in a prior role will continue to be underpaid in a new position.\textsuperscript{lxvii}

State Street: Mitigating Unconscious Bias

In 2011, State Street incorporated unconscious bias training as part of its Global Inclusion efforts. Via an RFP process, the corporation sought partners that could provide focused, interactive management-level training. People Development Team, a UK-based global training organization, was selected.

With PDT, State Street implemented a multi-faceted training approach. Senior managers participate in web-based and interactive workshops, which help them understand the science behind bias and learn techniques for personal bias reduction.

Additionally, members of the internal selection committees for executive promotions are required to participate in the training. This committee is charged with the review of nominees for promotion on an annual basis through a consistent, rigorous evaluation process that evaluates an entire slate of candidates at once.

Management-level employees also have access to an interactive webinar, “Great Minds Don’t Think Alike,” which introduces new ways of thinking about inclusion and unconscious biases. The program was designed to stimulate a more inclusive culture, while generating business results. Over 2500 managers have participated thus far.
Attracting, Retaining and Promoting / EMPLOYING SUCCESSFUL SOLUTIONS

**CREATE AN INITIAL APPLICANT SCREENING THAT IS GENDER-BLIND.** With the increase in automated systems, employers could consider removing the applicant name during initial screening. Gender-blind evaluation can have a significant positive impact on the number of women hired. Even gender ambiguous names increase the likelihood that women applicants are considered solely on the basis of their qualifications. Employers can also conduct a blind assessment post-hiring, by removing names from resumes and evaluating the same applicants. Comparing these ‘blind’ assessments to the actual assessments may reveal persistent bias.

**SEEK DIVERSITY IN THE APPLICANT POOL AND EVALUATE CANDIDATES AS A POOL:** Achieving at least 25% women in an applicant pool may reduce the likelihood of unconscious gender bias and stereotyping. Comparative evaluation, where a pool of candidates is jointly evaluated, has also been shown to erase the influence of stereotypes in the hiring process.

**ENLIST DIVERSE EVALUATORS IN THE HIRING PROCESS:** A hiring process that enlists the help of multiple, diverse evaluators can help overcome unconscious bias and mitigate the risk of taste preference. Men and women are both susceptible to bias and stereotyping, so a gender-balanced or diverse committee is preferable to one which includes only one gender.

**HELP EVALUATORS OVERCOME UNCONSCIOUS GENDER BIAS:** In addition to dedicated training on unconscious bias, sharing data that shows women perform as well as men, even in male-dominated roles, can mitigate the risk of bias. Ensuring evaluators commit to and understand the value of specific credentials can also introduce additional objectivity to candidate evaluations. An inclusion selection strategy, where good candidates are included rather than poor candidates rejected, has also been shown to diminish bias.

**EVALUATE STARTING SALARIES FOR NEW HIRES:** Routine analysis of compensation packages received by incoming employees may also help employers identify whether women are compensated less than male hires at the same level. Persistent compensatory favoritism toward male candidates or bias against women could prompt a review of hiring practices and consideration of interventions related to Hiring or Wage Transparency.
Salary Negotiations

Challenges: Women are significantly less likely to negotiate for starting salaries, or proactively ask for a raise or promotion.\textsuperscript{\textlxv} Thus, they begin their careers at a lower starting point and progress more slowly up the pay scale.

- 7\% of female master’s students negotiated for their starting salaries, compared to 57\% of male students. The starting salaries of the male students were nearly $4,000 higher than those of the women.\textsuperscript{\textlxv}

Root Causes Women face a social penalty for negotiating that their male colleagues do not encounter. Women who initiate negotiations are more likely to be regarded as overly demanding or lacking in niceness, and evaluators are less inclined to work with them.\textsuperscript{\textlxvi} In addition to the social pressure women may feel, they also tend to report lower pay goals than men.\textsuperscript{\textlxvii} Together, these factors contribute to a tendency to negotiate less aggressively.

Remedies for Employers and Educators

- \textbf{Sponsor Negotiations Training for High School Students, College Women and Female Professionals:} Organizations like the WAGE Project and the American Association of University Women provide salary negotiations workshops tailored to female students and working women. The workshops motivate women to ask and give them tools to mitigate the social penalty of negotiating. Participants were more confident in their ability to negotiate, and had a better grasp of how to determine their value and best approach the conversation.\textsuperscript{\textlxviii} Researchers estimate that a woman who routinely negotiates for her salary can earn $1 million more over the course of her career.\textsuperscript{\textlxix}

- \textbf{Conduct Regular Compensation Evaluations for Employees of All Levels:} Beginning in 1982, the State of Minnesota began mandating regular evaluation of public sector salaries. The state created tools to help identify jobs that require similar levels of responsibility and knowledge, despite differences in actual tasks performed. Routine evaluation has successfully closed the gender wage gap, as it provided managers with the necessary information to identify and correct disparities.\textsuperscript{\textlxx}

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Wage Transparency

CHALLENGES: WOMEN TEND TO BE PAID LESS THAN MEN IN INDUSTRIES AND COMPENSATION CATEGORIES WHERE THERE IS GREATER PAY AMBIGUITY.

• In industries where there was high compensation “ambiguity”— meaning limited knowledge of the negotiating range and appropriate standards of compensation— recent women MBAs received salaries that were 10% lower than male classmates with the same skills and experience. In industries where salary ranges and standards were clear, male and female MBAs earned the same.\textsuperscript{\textit{lxxxi}}

• In less transparent categories of compensation, like incentive bonuses, men also receive more money than female peers.\textsuperscript{\textit{lxxxii}}

ROOT CAUSES In salary and compensation discussions, information asymmetries generally provide employers with more leverage than current or prospective employees. But because women are reluctant to negotiate and have lower relative anchors, this imbalance disproportionately affects female candidates. Women’s baseline expectations are more likely to be based on salary ranges from other women or their own prior earnings, both of which only perpetuate lower compensation expectations and do little to provide real wage transparency.\textsuperscript{\textit{lxxxiii}}

REMEDIES FOR EMPLOYERS

✔ PUBLISH SALARY RANGES BY LEVEL IN ACCESSIBLE FORMATS The wage gap is narrower in industries, such as the public sector, with greater wage transparency.\textsuperscript{\textit{lxxxiv}} City of Boston employees are able to access salary information online for every employee, and federal government employees can access salary ranges by level and geography.\textsuperscript{\textit{lxxxv}} Employers like Whole Foods go even further to improve transparency, providing detailed salary information in binders in every store.\textsuperscript{\textit{lxxxvi}}

✔ STANDARDIZE OTHER COMPENSATION, SUCH AS BONUSES, WHERE POSSIBLE The wage gap is narrower in categories of pay with less ambiguity – like base pay and merit raises – than discretionary compensation such as bonuses.\textsuperscript{\textit{lxxxvii}} Standardized, transparent ranges, and clear performance criteria benefit women by limiting arbitrariness or favoritism in pay decisions. Fair pay can be a motivator for employees, but compensation standards must be understood in order for pay to be considered fair.\textsuperscript{\textit{lxxxviii}}
**Performance Evaluation**

**CHALLENGE:** INEQUITIES EXIST IN EMPLOYEE EVALUATIONS, WHICH ADVERSELY IMPACT FEMALE EMPLOYEES.

- Male employees are more likely to be promoted based on potential while women are evaluated on past performance. lxxxix

**ROOT CAUSES** Evaluators may rely on mental shortcuts, also known as heuristics, when evaluating candidates for promotion. This increases the likelihood that evaluators are influenced by gender stereotypes and biases and use those stereotypes, rather than rational assessments of performance, in determining a candidate’s suitability for specific tasks or leadership roles. xc

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**REMEDIES FOR EMPLOYERS**

- **CONDUCT COMPARATIVE PROFESSIONAL REVIEWS AND PROMOTION EVALUATIONS:** Standardized promotion cycles that evaluate a pool of candidates for promotion can lessen gender bias by ensuring male and female candidates are evaluated fairly against the same criteria. A comparative review of a pool of employees mitigates the risk that evaluators rely on stereotypes and increases the likelihood that a given candidate is evaluated based on his or her performance. The best candidates – whether male or female – are more likely to advance. xci

- **PUBLISH AND GAIN COMMITMENT FOR PERFORMANCE CRITERIA AND THE ASSOCIATION WITH PAY:** Establishing clear criteria for workplace evaluations has been shown to reduce or eliminate biases in decision making. Established, accepted criteria reduce the likelihood that managers construct and rationalize their own criteria based on preexisting biases and stereotypes. xcii In addition, performance criteria should have a clear relationship to pay. Employees need to understand how their pay is determined, how to maximize it, and how it relates to their performance— if they are to feel fairly paid. xciii

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**Harvard University: Comparative Evaluation Model**

In 2013, the Harvard Kennedy School introduced a comparative evaluation model for tenure-track hires. Guided by Professor Iris Bohnet’s research on gender equality “nudges,” the University is employing the new joint evaluation model for all faculty hires at the Harvard Kennedy School.

Specifically, job candidates for faculty positions will be evaluated and compared to one another in a joint evaluation process. This process provides evaluators with more counter-stereotypical information about the job candidates, enabling evaluators to rely on the candidate’s credentials rather than their own unconscious or biased beliefs about the ideal candidate for the job.

All businesses and academic institutions can ultimately implement this joint evaluations process when evaluating candidates for hire or promotion. Overcoming bias will assist with closing the gender wage gap, as well as maximizing economic returns and increasing productivity by selecting the best candidate for the position.
Workplace Flexibility

CHALLENGE: ON AVERAGE, WOMEN WITH YOUNG CHILDREN WHO ARE WORKING FULL-TIME EARN LESS THAN MEN AND LESS THAN WOMEN THE SAME AGE WHO DO NOT HAVE CHILDREN. This so-called “motherhood penalty” manifests in every developed nation, although to varying degrees.

- Among comparable candidates, mothers were offered lower starting salaries, perceived as less competent, and less likely to be recommended for hire than women who did not have children. The effects for fathers were the opposite: fathers were actually recommended for significantly higher pay and perceived as more committed to their jobs than non-fathers. Mothers were perceived as less competent and less committed to their jobs.xeiv
- Even after controlling for differences in education and experience, mothers earn roughly 10–15% less than working women who do not have children. Fathers earn 10–15% more than working men without children.xev

ROOT CAUSES Some portion of the motherhood penalty is due to differences in human capital. Women are significantly more likely than men to work part-time and – if they take time off to have children – may have less work experience than their male peers.xevi Periods of non-employment can lead to lower wages because of “skills depreciation,” loss of seniority and loss of mentors.xevii However, the vast majority of working women do not experience a considerable gap in experience. Only 70% of working women take time off following childbirth, taking an average of just over ten weeks.xeviii And for the percentage of women who do work part-time, research suggests that it is the nature of available part-time work that contributes to lower wages for women, not the mere fact that they are working fewer hours. Part-time work tends to only be available in lower paying industries and jobs.xevx

Women continue to bear the majority of household and child-rearing responsibilities, and they are more likely to be the primary caregiver for an aging parent or ill family member. In dual income households, mothers spend 75% more time on housework and 70% more time on child care each week than fathers.xevi Massachusetts also has some of the most expensive child care in the country, which suggests women here face a more acute trade-off between working and caring for their children.xevii In countries with high child care costs, women were significantly more likely to work part-time than men.

Accounting for all the commonly assumed factors already noted, mother still experience bias. Women in both high and low status jobs are less likely than men to be granted a flexible schedule by a manager, regardless of whether the request is for professional development or child care.xev In addition, it is important to remember that wage gap studies account for differences in part-time vs. full-time work and aggregate work experience, and still find that mothers are paid less than their peers.
City of Boston: Providing Affordable and Flexible Child Care Services

In 1989, Boston’s City Hall was one of the first municipal buildings to provide an on-site child care program.

The City Hall Child Care program originally grew from the idea that one of the largest challenges for working families was access to quality and affordable child care. Thus, to alleviate this challenge for city employees, the Women’s Commission initiated the City Hall Child Care program. Together with various departments, the program was developed and implemented in 1989.

This program is still thriving today and is operated by the Boston Centers for Youth & Family, with city employees paying monthly fees to have on-site child care for their children aged three months to seven years old. Many city employees have participated in this program and have positively benefited from the flexibility of on-site care.

Ultimately, providing on-site or subsidized child care can assist in narrowing the wage gap between working men and women. For mothers, providing flexible options and reducing the cost of child care can increase participation in the workforce, lower stress levels, and reduce work absences. Thus, child care options for working families, such as the City Hall Child Care Program, can be a valuable intervention for employers that are working to achieve pay equity among their workforce.
Attracting, Retaining and Promoting / EMPLOYING SUCCESSFUL SOLUTIONS

Analyzing Causes of Attrition, Particularly Among Female Workers: Employers can easily determine the root cause of turnover, and take appropriate steps to remedy the primary problems and retain top talent. In 2009, 74% of mothers who left their jobs said they were doing so to look after their children, but some employers have found their female employees primarily leave for other jobs. Knowing the underlying causes of female attrition allows an employer to implement an appropriate response.

Offer on-site or Subsidized Child Care: Onsite or subsidized care can increase women’s participation in the workforce, as well as lower employee stress levels and reduce work absences. A global OECD study found that nations with higher child care enrollment rates tended to have narrower wage gaps. But in the US, the cost of care is a key factor, affecting the employment status of both low and middle wage workers. A reduction in the price of care can increase workforce participation rates of married and single mothers, particularly among low income women. Mothers working part-time are most responsive to changes in child care costs. Employees who use employer-sponsored care report lower stress levels and less family-related absenteeism.

Offer Child Care Referral and Back-up Child Care Services: Back-up child care is associated with lower employee absenteeism and turnover and higher productivity. It may yield a significant return on investment for employers.

Offer Paid Family Leave: Paid family leave programs allow working men and women time off to care for a new child or seriously ill family member. Access to family leave is associated with reduced employee turnover, increased loyalty, and improved morale. Mothers with access to paid leave are also more likely to return to work than those receiving only unpaid leave. Paid maternity leave has been shown to mitigate the motherhood wage penalty.

Create and Generate Awareness Around Programs that Offer Schedule Control: Flex programs enable employers to retain and nurture top talent. More than two-thirds of women who left their jobs for family reasons say they wouldn’t have left if their employers had offered flexible work options such as reduced-hour schedules, job sharing, part-time career tracks or short unpaid sabbaticals. In addition, 70% of working mothers and nearly 50% of working fathers say a flexible work schedule is extremely important to them. Other research sheds light on the type of flexibility that employees value, including control over the number of hours worked, location of work (place-shifting), and when work occurs (time-shifting). State Street found that employees with job flexibility were more loyal and committed, and the hardest working. Awareness matters – even when employers do offer flex programs, too few employees are aware of all their options.
**TRAIN MANAGERS TO MANAGE A FLEXIBLE WORKFORCE:** State Street introduced training and tools for managers overseeing flex employees. Managers determine which jobs were suited to flex and log formal flex requests. Training could also include education on the productivity and value of flex employees to mitigate the risk of a “flexibility stigma.”

**REORIENT WORKPLACE CULTURE TO EMPHASIZE RESULTS:** Best Buy successfully implemented a Results Only Work Environment (ROWE) program, which reset corporate culture around outcomes rather than face-time. It significantly increased employee perception of their own scheduling flexibility, which reduced work/family conflict without diminishing productivity. The program was not marketed as a work/family initiative, mitigating the risk of stigma. This case also reveals the importance of corporate leadership’s commitment to results: In spite of the well documented, positive results of the program over eight years, the new CEO eliminated ROWE in 2013.
Senior Representation

CHALLENGE: WOMEN REMAIN UNDERREPRESENTED AT SENIOR LEVELS OF PRIVATE AND PUBLIC SECTOR ORGANIZATIONS, AND WOMEN EXECUTIVES TEND TO RECEIVE LOWER COMPENSATION THAN THEIR MALE PEERS even after accounting for differences in experience and performance. The persistent dearth of women in executive level or senior positions also contributes to the overall wage gap by limiting the number of women in higher compensation categories.

- Nationally, women represent 4% of Fortune 500 CEOs, 14% of executive officer positions and 17% of board seats.\textsuperscript{xxii}
- Just 8% of the best paid executives at S&P 500 companies are women. They earn, on average, 18% less than men in the same cohort.\textsuperscript{xxiii}
- A study of 800 public companies showed that women executives earn roughly 70% of the total compensation of their male peers. After controlling for variables that could contribute to pay discrepancy, the authors showed that women still made roughly 16% less than their male colleagues.\textsuperscript{xxiv}

Underrepresentation persists in spite of the fact that firms, particularly those with a strong innovation focus, perform better when they include women in top management\textsuperscript{29} positions than when they do not. Holding all else equal, a given S&P 1500 firm generates $40 million more economic value when it has at least one woman in top management than when it has none.\textsuperscript{xxv}

ROOT CAUSES Part of the root cause may be self-perpetuating: too few women in leaderships roles contributes to the false belief that women are poor leaders, which in turn means fewer are hired to lead. Greater exposure to female leaders has been shown to weaken stereotypes, reduce bias and improve perceptions about women’s effectiveness as leaders.\textsuperscript{xxvi}

Women are also significantly less likely to receive the same level of sponsorship as their male colleagues.\textsuperscript{xxvii} Sponsors, unlike mentors, actively help others advance by connecting them to important assignments and networks.\textsuperscript{xxviii} Women are also less likely to get the ‘stretch’ assignments that provide the visibility and learning opportunities necessary to advance.\textsuperscript{xxix}

In addition, evidence suggests that all-male compensation committees may pay male and female executives less equitably than committees that include at least two women. A study of senior executive compensation at public companies revealed that women executives were better compensated when the compensation committee included women. There was a substantial gap in compensation when the committees included either no women or just one woman.\textsuperscript{xxx}

\textsuperscript{29} In the study referenced, “top management” refers to the six key members of a given executive management team at S&P 1500 firms.
Attracting, Retaining and Promoting / EMPLOYING SUCCESSFUL SOLUTIONS

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PROVIDE STRUCTURAL SUPPORTS TO MOVE WOMEN UP THE TALENT PIPELINE: Formal leadership development programs and relationships with senior mentors who are in a position to sponsor women have both been shown to help women advance.\textsuperscript{cxxxiii}

ACTIVELY RECRUIT WOMEN TO EXECUTIVE LEVEL AND BOARD POSITIONS: Local organizations, including MassGAP and The Boston Club, work with employers to increase the share of women leaders in the public sector or on corporate or nonprofit boards. And, as previously mentioned, expanding the percentage of women in an applicant pool for a particular position can increase the likelihood that a woman is hired.\textsuperscript{cxxxii}

INCLUDE WOMEN ON SENIOR SEARCH COMMITTEES: The presence of even one woman on a hiring committee can reduce bias against female candidates and increase the likelihood of hiring a woman to a senior position.\textsuperscript{cxxxiii}

ACHIEVE EQUITABLE GENDER REPRESENTATION ON COMPENSATION COMMITTEES: When compensation committees include at least two women, the pay gap between male and female executives disappears. Because compensation committees typically include four people, equal gender representation may contribute to greater equity in pay.
CONCLUSION

THE ROOT CAUSES OF THE WAGE GAP ARE COMPLEX AND HAVE REPERCUSSIONS BEYOND A PAYCHECK. Implicit bias, discrimination and entrenched stereotypes preclude women from being fairly treated and evaluated alongside male peers. Meanwhile, the shortage of high-achieving female role models and “stereotype threat” make women less inclined to pursue fields where they have historically been underrepresented—perpetuating a dearth of women leaders. And inflexible jobs coupled with child-rearing responsibilities and limited access to affordable, quality child care render lower-paying part-time work attractive, at best, or a necessary sacrifice for many working mothers. Collectively, these barriers make it more difficult for women to achieve their full potential and employers to reap the full rewards of the available talent pool.

THIS REPORT IS INTENDED TO PROVIDE INSTITUTIONS OF HIGHER LEARNING, INVESTORS AND EMPLOYERS WITH TANGIBLE STEPS THAT CAN REDUCE BIAS TOWARD WOMEN, REWARD TALENT AND CLOSE SOME CRITICAL GAPS IN HUMAN CAPITAL. While it cannot serve as a roadmap for every Boston workplace, it is meant to spark fresh thinking, prompt introspection and be a catalyst for positive change.

THE FINDINGS OUTLINED HERE ARE INTENDED TO DIRECTLY BENEFIT FEMALE EMPLOYEES, BUT MANY ARE ALSO GENDER-AGNOSTIC. Pooled employee evaluations, salary transparency, and flex-time programs can benefit both female and male employees. Others, including programs to introduce girls to STEM professions and salary negotiations workshops, are specifically intended to empower and advance women.

BOSTON HAS SHOWN THE NATION THE MANY WAYS IN WHICH EMPLOYERS AND GOVERNMENT CAN WORK TOGETHER TO BRING ABOUT CHANGE, uniting around common goals like environmental sustainability and youth employment. The enduring gap between the wages of working men and women can and should be the next challenge tackled together.

This report, together with 100% Talent: The Boston Women’s Compact, lays the foundation for an unprecedented public/private partnership aimed at eradicating the root causes of the gender wage gap.

Mayor Menino and the Women’s Workforce Council believe the solutions outlined here can serve as a shared agenda for employers, employees and government.

Together, these partners can remove the visible and invisible barriers to women’s advancement and help make Boston the premier city for working women in America.
APPENDIX
Wage Ratio Over Time – Boston Residents

Wage Ratio and Median Full-Time Earnings for Boston Residents: 2005 to 2011

IN 2011, WORKING FEMALE RESIDENTS EARNED 83% OF THE EARNINGS OF WORKING MALE RESIDENTS IN BOSTON. This gap translates to an annual difference of almost $10,000 in median pay.

This 17% discrepancy between male and female earnings represents a wider wage gap than prior years. Over the last seven years, Boston’s resident wage gap has fluctuated from 7% to 17%, based on annual earnings data gathered and reported by the US Census Bureau.

While these numbers shed light on pay inequities borne by Boston residents, many of Boston’s employees are commuters not captured in resident tallies. However, the data for all Boston workers—regardless of where they live in Massachusetts – looks similar.

30 Numbers noted apply to Boston residents. Source: American Community Survey, 1-Year Estimate. Median Earnings for Full-time Year Round Civilian Employed Population 16 years and over.
IN 2011, WOMEN WHO WORK IN BOSTON EARNED 85% OF THE INCOME OF MEN WHO WORK IN BOSTON.\textsuperscript{31} Female employees earned a median income of $52,000 compared to a median income of $61,500 for male employees.

WITH THE EXCEPTION OF 2011, THE GENDER WAGE GAP HAS BEEN CONSISTENTLY WIDER FOR WOMEN WHO WORK IN BOSTON BUT LIVE IN THE REGION THAN FOR WOMEN WHO WORK AND LIVE IN BOSTON. Commuters have tended to out-earn Boston residents of both genders, but have been less successful at achieving pay parity than working women who live in Boston.

Some of the discrepancy can be attributed to differences in human capital. But even accounting for the 60\% of the pay gap that tends to be attributable to factors other than the gender, the wage ratio for female workers in Boston can be estimated at 93\% to 94\%.\textsuperscript{32} While smaller, this gap translates to a lifetime earnings gap of more than $155,000 – the average penalty for being a working woman rather than a working man in Boston.\textsuperscript{33} And that total fails to account for missed compounded growth of savings, investments and retirement funds.
Younger women in the region experience a narrower wage gap than older women. Women under the age of 24 who work in Boston do not experience a gap between their median pay and that of men in the same age group. In fact, they appear to outearn men in their age group. However, after the age of 24, the wage gap widens.

Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis. Income of Full-Time Workers Employed by Age. Includes all Boston employees, regardless of residence.
Wage Ratio By Education

**Boston’s Income Ratio by Education**

Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis. Income of Full-Time Workers Employed by Education. Includes all Boston employees, regardless of residence.

**THE PAY GAP BY LEVEL OF EDUCATION LARGELY MIRRORS TRENDS SEEN ELSEWHERE IN THE COUNTRY.**

As working women in Boston achieve higher levels of education, the gap between their pay and that of men with the same education generally widens. A woman with a professional degree, such as an MBA, earns 70% of the income of a male with a professional degree. If that ratio remained constant, a woman with a professional degree stands to earn nearly $1.5 million less over a forty year career.34 That total does not account for other compensation such as equity.

Women with PhDs do appear to buck the trend, earning 96% of the income of male PhDs. Women with Associates degrees out-earn men with Associate’s degrees in Boston, which runs counter to national research showing women with Associates degrees tend to be segregated in lower earning fields.

34 Based on 70% median wage ratio for full-time workers with a professional degree who live in MA and work in Boston. In 2011, full-time working women with a professional degree earned a median income of $85,000 and men earned $121,450.
Wage Among Minorities

**Boston’s Income Ratio by Race and Ethnicity**

![Graph showing income ratio by race and ethnicity](image)


MINORITY WOMEN IN BOSTON FACE A WIDER WAGE GAP THAN WHITE WOMEN WHEN COMPARED WITH WHITE MEN. The wage gap tends to narrow or close when their income is compared to that of men in the same racial or ethnic group.

Wage For Foreign Born

**Boston’s Income Ratio for Native and Foreign Born**

![Graph showing income ratio for native and foreign born](image)


NATIVE BORN WOMEN FACE A NARROWER GAP BETWEEN THEIR EARNINGS AND THOSE OF NATIVE BORN MEN THAN WOMEN WHO ARE FOREIGN BORN. The wage gap is narrower for foreign born women relative to men who are also foreign born.
THE WAGE GAP VARIES SIGNIFICANTLY BY INDUSTRY, but persists even in industries where women make up the majority of the workforce.

Like all wage data represented here, these ratios do not account for some of the underlying explanations for the wage gap. In some industries men may have more experience and achieve higher levels of authority – thus earning higher income.

Boston’s Income Ratio and Female Representation by Occupation

Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis, Income by Occupation & Sex of Full-Time Employed. Includes Boston employees regardless of residence.
Female Representation Among Highest Paid Professions

Women working in Boston tend to be clustered in lower paying occupations. Men outnumber women in seven of the ten highest paid occupations in Boston, whether measured by mean or median annual pay. In three of the top ten, men make up more than 75% of the employee base.

Employees in women-dominated occupations earn an average of $62,500 annually, regardless of employee gender, while employees in male-dominated professions earn $70,500 a year on average.35

10 Highest Paid Occupations in Boston

Source: American Community Survey 2011, Public Use Microdata Sample (PUMS), BRA Research Division Analysis, Income by Occupation & Sex of Full-Time Employed. Includes Boston employees regardless of residence.

35 Numbers noted apply to all Massachusetts residents who work in Boston. Source: ACS, 1-Year Estimate. Median Earnings for Full-time Year Round Civilian Employed Population 16 years and over. ACS includes twenty-two occupations.
RESOURCES

Partners and Tools

GENDER EQUALITY PROJECT The Gender Equality Project works with major global employers to evaluate their employee gender mix, pay gap and employee perceptions of gender equality, and apply best practices to remedy inequities.

GENDER EQUALITY PRINCIPLES The San Francisco Commission on the Status of Women partnered with the Calvert Group to create tools for employers to assess themselves against seven gender equality principles, including employment and compensation.

HARVARD IMPLICIT BIAS TEST This free online tool enables individuals to test themselves for hidden racial or gender biases.

HARVARD KENNEDY SCHOOL WOMEN AND PUBLIC POLICY PROGRAM The Program is a research, policy and training center affiliated with the Harvard Kennedy School of Government that seeks to close gender gaps in economic opportunity, political participation, health and education. It provides evidence-based insights on the role of gender in shaping economic, political and social opportunities, and identifies successful interventions and measures their impact on women, men, and society.

PEOPLE DEVELOPMENT TEAM A global training organization that offers interactive classroom workshops and e-learning modules on unconscious bias for the public and private sectors.
**Data Sources and Standards**

**DEPARTMENT OF LABOR** Employers who are subject to the Fair Labor Standards Act of 1938 are required to maintain records on every employee’s age, gender, occupation, wage rate, hours worked, overtime, additions or deductions to wages and total wages paid each period. The FLSA applies to employers with at least two employees and annual sales or business of at least $500,000. This suggests that many employers have the data necessary to conduct internal wage equity analysis.

**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION**

Private employers with 100 or more employees are required to file an EEO-1 Report annually with the EEOC, which provides full and part-time employment data across ten job groups, seven race/ethnicity categories, and by gender. State and local governments file a comparable report – the EEO-4 – every odd-numbered year, and must report salary ranges. While wage data is not currently included in the EEO-1 report, the associated Job Group categories provide pre-existing occupational categories. These may be helpful for internal wage analysis.

**STATE OF MINNESOTA** Minnesota requires public-sector employers to conduct a pay equity study every few years and eliminate any pay disparities that are discovered. Employers use a job evaluation tool to identify jobs that require similar levels of responsibility and knowledge, despite differences in actual tasks performed.

**STATE OF NEW MEXICO** In 2009, the Governor of New Mexico issued an Executive Order requiring state contractors with ten or more employees to provide aggregate data on employee compensation, hours worked and gender by job category. The State uses the EEOC EEO-1 job categories, but combines the Executive/Senior Level Officials and Managers and First or Mid-level Officials and Managers categories into a more general “Officers and Managers” category.

### EEO-1 Job Groups

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<td>2. First or Mid-level Officials and Managers</td>
<td>2. Professionals</td>
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<td>3. Professionals</td>
<td>3. Technicians</td>
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<td>4. Technicians</td>
<td>4. Protective services</td>
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<td>5. Sales Workers</td>
<td>5. Para-Professionals</td>
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<td>(formerly Office and Clerical)</td>
<td>7. Skills Craft</td>
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<td>7. Craft Workers</td>
<td>8. Service/Maintenance</td>
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<td>8. Operatives</td>
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<td>9. Laborers and Helpers</td>
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<td>10. Service Workers</td>
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