

Episode 12: Special Episode—Dr. Sarah Kaplan on the gender pay gap

Overview: What causes the gender pay gap? Is it just because women are choosing lower-paying jobs? Are they just not qualified enough to make higher salaries? Think again. There are structural and historical dynamics that lead to unequal outcomes we observe in pay today. This episode with GATE founder, Dr. Sarah Kaplan, delves into how labour market biases influences the gender pay gap.

This episode was written and produced by the team at Level the Paying Field, a podcast by Ontario's Pay Equity Office. Visit <https://payequity.gov.on.ca/> for more great resources, and listen to the rest of the podcast at <https://levelthepayingfield.ca/>.

Featured Guest: Dr. Sarah Kaplan, Founder of Institute for Gender and the Economy

Level the Paying Field Host: Kadie Ward, Commissioner and Chief Administrative Officer, Ontario Pay Equity Commission

Busted Producers and Hosts: Carmina Ravanera and Dr. Sonia Kang

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Resources Mentioned

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3. Kaplan, S. (2019). *The 360° Corporation: From Stakeholder Trade-offs to Transformation*. Stanford Business Books.
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Transcript

Sonia: Welcome to Busted, a podcast by the Institute for Gender and the Economy, otherwise known as GATE. We team up with leading experts to bust prominent myths about gender and the economy and give you the tools you need to bust each myth yourself. I'm Dr. Sonia Kang, Canada Research Chair in Identity, Diversity, and Inclusion at the University of Toronto and new academic director of GATE, and my pronouns are she and her.

Carmina: And I'm Carmina Ravanera, Senior Research Associate at GATE, and my pronouns are she and her.

Sonia: For our final episode this season, we're going to be busting some myths about a hot topic: the gender pay gap. And we're just in time for International Equal Pay Day on September 18.

So, we know that there are a bunch of different factors that contribute to the gender pay gap. And I think one of the biggest myths about it is that the gap is solely caused by women making less than men for doing the same job. We talked about this in our earlier episode on women and negotiation.

Carmina: Yup. Women very often do make less than men for doing the same job, but there are also other causes. For example, women are disproportionately doing lower-paid work than men. Like the five c's: caring, catering, clerical work, cleaning, and cashiering. They also do much more unpaid housework and domestic work than men, and experience bias and discrimination at work if they become mothers.

Sonia: Right, so it's much more complicated than most people think. And, get this stat - the UN estimates that if progress continues at the same slow pace it is now, it's going to take 257 years to close the global gender pay gap. That's not even considering other types of inequalities – like how the pay gap between racialized women and white men is even larger than the one between white women and white men. So, we need to think really hard about how we as a society can close these gaps more quickly, more efficiently, and more inclusively – so for all women, not just white women. Who are we going to hear from in this episode?

Carmina: We're going to hear from GATE's founder, Dr. Sarah Kaplan, who you might remember from our earlier episode on remote work. Sarah was recently a guest on Ontario's Pay Equity Commission podcast, called Level the Paying Field. This podcast is a six-part series hosted by Kadie Ward, Commissioner and Chief Administrative Officer of Ontario's Pay Equity Commission. Through interviews with experts, Kadie discusses the invisible drivers of the gender wage gap—and how we can confront them. In her episode with Sarah, they talk about how various inequalities that are hardwired into our labour market structures have given rise to the gender pay gap. Sarah also talks about the myth of meritocracy and how it's used as an excuse for not making change. It's a really informative episode, so we want to share it with you today.

Sonia: Great – I can't wait to hear it. And if listeners want to learn more about the pay gap, we encourage you to listen to all episodes of Level the Paying Field--there are two seasons currently available. You may also want to check out the website payequity.gov.on.ca for even more insights. You can find the link in our show notes. Now let's get into this episode.

Kadie: We are delighted to have Dr. Sarah Kaplan as featured guest for today's episode. Dr. Kaplan is the director of the Institute for Gender in the Economy, distinguished Professor of Gender in the Economy, professor of Strategic Management, and fellow of the Lee-Chin Family Institute for Corporate Citizenship at the University of Toronto's Rotman School of Management. Sarah's also co-author of many bestselling books, and she regularly advises corporations, governments, and agencies on policies related to board diversity, care work, employment, pay equity, gender-based analysis, and other topics. Thank you for joining our series and I guess I should say Dr. Kaplan, not Sarah, sorry for the informality there.

Sarah: Oh, well you can call me Sarah and I'm so delighted to be here.

Kadie: Thank you very much. So, we know cause we work in this space that from the start the labour market has been gender biased. Meaning it never really started off even for men and women. And at the start of the Industrial Revolution, only certain women, primarily unmarried women, could enter the labour market and they could only do certain jobs according to men who drafted legislation and labour policy. So what impacts, if you think you can go back in time or a picture of modern day, has this clustering had on modern labour market dynamics, the way that we've systemically put women and men into different roles?

Sarah: Well, it's true. I love that you've gone back in history to point out that these are structures that have existed for long periods of time. Often people think that all of the inequalities that we observe are because of 'people's choices'. And what you're pointing out is that no, those choices are structured by historical trends, by assumptions that people have. I mean, even as recently as the 1970s, many job ads in newspapers had two different categories, jobs for men and jobs for women. So, we have had this assumption that men and women are somehow suited for different kinds of jobs. And that does lead even today with all of the efforts that we've made towards creating equity in the economy, it leads today, even today, to people being clustered into different jobs within an organization, different categories of jobs or different industries or different jobs across the economy. And that is leading to a lot of the inequality that we observe in terms of earnings and ability to retire and not be in poverty later in life. So, I love that you're highlighting that these are sort of structural and historical dynamics that lead to some of the outcomes that we observe today.

Kadie: Thank you for stating that. I love the way you framed it as well by saying the dominant narrative is choice. Oh, well, individuals choose this path for themselves, or women choose this path for themselves. But we know that's not true, that there's a structured gendered even, we've looked at from play up to choosing professions that there's a gendered structure to that. You've probably heard this conversation around the five Cs. For people who don't know what that means, it's caring, cashiering, cleaning, catering, and clerical work. These are the five Cs where women have historically been clustered or it's been labelled or stereotyped as women's work. But there's research now showing that women are moving into historically male dominated, or structured is probably a better word, sectors like STEM and finance. And there's an argument now, and maybe you've heard this as well, maybe kind of downplaying why we're having this conversation, but saying that gender doesn't really play a dominant role in the labour market anymore because we see women moving into men's spaces. And we've moved to meritocracy. And I know you've done a lot of work about meritocracy. So, I'd love to hear your perspective and what you've learned about gender dynamics and labour market and meritocracy.

Sarah: Well, there's a lot of wonderful questions embedded in that description that you just offered, and it is true. I hear probably every day as you do people saying, why are we still talking about gender? Look, women can do anything that men can do. Let's stop talking about it. It's boring to talk about it and the problem's already been solved. But if the problem had already been solved, we wouldn't see that only 5% of the CEOs of leading companies are women. We wouldn't see the perpetual gender wage gap. We wouldn't see the fact that women are performing much

more of the care work at home, whether it's children or elder care, they're performing much more of that than men are. So, if we've solved the problem, then in theory, we wouldn't be seeing all of these other indicators of inequality. And I should point out that these indicators of inequality, once you take into account race, indigeneity, ethnicity, disability, and immigrant status, those all get multiplied. So, I want to point out that we should really be thinking of this in an intersectional way. Where it comes into this conversation of meritocracy, is that the way that people often explain those differences that I was just describing, lack of women in leadership, differences in pay, is they say, well, it's a meritocracy. If women were qualified to be CEOs, we would have more women CEOs. If women were qualified to get a promotion, they would get more promotions. And so, laying it off on the fact, the belief that we have a meritocracy and therefore any inequalities we observe is because of 'lower quality' for women or other historically excluded groups, but that simply can't be the case. And there's just been so much research that has demonstrated that the meritocracy actually doesn't operate right now. So, there's been studies for, when it comes to entrepreneurs, where they've basically had the exact same pitch for the exact same start-up being pitched to investors only some were narrated with a female voice, and some were narrated with a male voice. And somehow the one narrated with a male voice is seen as twice as investible by investors. We've seen, people presented with the exact same resume. Only one has Julie at the top and one has James at the top of the resume, the qualifications are identical. James is seen as being twice as hireable as Julie. So, we know from study, after study, after study that meritocracy is not operating because women and other excluded groups are actually not being included, not getting promoted, not getting hired, even when they have equal qualifications. And so, what we actually have right now is an affirmative action system, and it's an affirmative action system for people who have historically been in privileged positions, mainly straight white men. And yet they don't want to believe that they have had any unequal opportunities to advance. They want to believe it's their own hard work because in fact, people who are in senior roles have worked extremely hard. But what they are not taking into account is the fact that other people are also working extremely hard but have all those barriers in front of them that don't allow them to get the same opportunities for accomplishment. And so, this idea, which is used over and over - I'm doing an analysis of the compiler explain regulation for women on boards that the Ontario Securities Commission has in place - and the explanations are, well, we don't have more women because we believe in a meritocracy. And though it's a convenient excuse, I would say, but it doesn't actually represent what's going on in the economy today.

Kadie: I love that you're tackling this because I don't think there's a lot in this space because as you said, it is a convenient excuse and it's hard if you don't have the data or research to confront it. Right? You've seen it over and over again. I think your most recent publication is the Corporation 360 or the 360 Corporation. I haven't read the title, but I've read about the title and I'm very curious to know: in that book, do you tackle this conversation and offer advice to leaders who want to address this challenge, or if it's not covered in that book, how would you explain or suggest to leadership to overcome this sort of convenient excuse of meritocracy?

Sarah: Well, so my book, The 360 Corporation, is really about all of the stakeholders that surround corporations, hence the 360 degrees that surround companies, and how that's becoming an increasingly important imperative for corporate leaders and boards to deal with all of the stakeholders. Of course, one important set of stakeholders are half the population, women. Their potential employees, potential customers, and things like that. And what I tackle there, and I think is another hot topic like meritocracy is this issue of the business case and how many corporate leaders will insist on, oh, well if we're going to invest in diversity, I want to see the business case. I want to see the business case for having more diversity on my board or having more diversity on my team. And the business cases can be really problematic for a number of ways. One, for those for whom the business case is being made, women or other underrepresented groups, it's kind of offensive on a certain level, right? You're basically saying, you will only include me if it actually improves your profitability, but not even if it's just the same. And so, you're setting this much higher bar for people who have historically been included, as opposed to saying, look, it's just the right thing to do. So, one, it can be very alienating and othering for the people you are ostensibly trying to help. But the second thing is, research is beginning to suggest and even research that I'm doing literally right now as we speak, that the business case isn't even that motivating for people. Like if you actually want to drive change the social justice case, the moral case is more likely to move the needle in terms of action than the business case. And yet everyone thinks, oh, we have to make the business case to motivate it. But it's actually getting in the way of making progress. And I'm not saying there isn't a business case. I think being more inclusive means you're going to get better innovation, you're going to serve your communities better, you're going to have less group think and leadership conversations. There's a million ways that there is a business case. But I think starting with the business case and saying it has to drive profits means that you're not actually going to push as hard as you need to push in order to make the kinds of transformational changes you need to make if you're going to be more inclusive. And so, I do tackle that question of how the business case is actually probably getting in the way of us making progress.

Kadie: I'm so glad I asked you about the book and you were able to bring that up. We struggle with that as well. When we talk about closing the gender wage gap, there's a moral imperative, there's a social imperative, there's a social justice imperative, there's a business case imperative, and it feels heartless sometimes just to talk about the business case. But we always change our messaging to our audience. But we've also heard that research as well that talks about the demoralizing element of just chalking it down to a business case.

Sarah: Right. And if you can't find the business case somehow, then all of these people don't merit it to be included.

Kadie: No, exactly. Exactly. So, it's really great. That's wonderful, I'm looking forward to diving into the book and hearing more what you have to say about it. I know another big piece of research and I guess knowledge creation that Gender In The Economy and under your leadership has done is developing really a robust curriculum on gender analytics. Can you tell us, for the listeners who aren't aware, what gender analytics is and how the public and private sector can use gender analytics to uncover and address biases in labour markets or biases within their organizations?

Sarah: Yeah, so basically over the last six or seven years that I have been running the Institute for Gender and the Economy, I have had just so many conversations as you probably have had as well, that have made me feel like we are just not making as much progress on achieving equity and equality in our society as we should be. And one of the reasons I think, is because we focus so much on the talent management side of the equation without also looking at the ways that inclusive insights can actually change if we're in the public sector, change the policies and programs that we offer. If we're in the private sector, the products and services that we develop. And there's so much evidence that products and services and programs are not actually leading to equal outcomes. And so, I mean, look at car safety. Women are 74% more likely to be injured in a car accident because car safety has been designed with men's bodies in mind. So that's just like an example. Or you look at financial services where the products and the ways that the products are sold are really done in a way that are not including women in the financial conversation and that's why so many women change financial advisors when their spouse dies, and banks are losing out on those opportunities. So, there's lots of ways that you can think about how you might be able to design your products and services more inclusively. And so, gender analytics is really about doing intersectional gender-based analysis on your markets and on your products and on your programs to make sure that they are as inclusive as possible. And my view, going back to how does it relate to talent management, is that if you set an imperative that you want your products and services and programs and policies to be inclusive, it will then force you to have a diverse talent pool in your organization. Because you cannot do a good job in creating inclusive product services and policies unless you have an inclusive team actually doing it. And so, the human resources teams probably feel like they've been shoving diversity down the throats of their managers for years and years. Even though it's the right thing to do, and what I'm saying is no, let's get the managers interested in creating inclusive products, policies, and services, and then they're going to be running to the HR team to say, please give me more diverse talent. So, I'm trying to reverse the arrow so that we see that the diverse talent is the equitable and right thing to do, but it's also going to lead to better outcomes for your organization in terms of creating more inclusive offerings. And so, kind of trying to flip the script so that we're not only pushing on the talent side of the equation, but we're also pushing on how we're serving our customers or communities or constituencies part of the equation. And so, we've developed a course on that. We've had a conference on that topic. There's a lot, if anyone wants to know more, genderanalytics.org to find out more. But we are really trying to push that narrative because we think it's going to really help improve how organizations are serving our society.

Kadie: We will link to that resource in our show notes. But I appreciate the way that you are linking it to what services are provided and how, which I think kind of circles back to the first comment we made on choice. The choice of a car that a woman makes, for instance, if she's purchasing a vehicle, is going to be influenced by the design. If it's designed for a male body, it's going to be difficult to find a car that works for that. And I know putting these intangible examples that I think leaders can think about, especially policy makers, I know the federal government is big on gender-based analysis, and a lot of municipalities started bringing gender-based analysis into city planning and urban design to think about what if we had sidewalks wide enough for two strollers to pass, or a stroller and a wheelchair. These questions that we've just never asked because it's been designed for able-bodied males. So, I think it's a wonderful curriculum that my team attended and took home - took back to the office and probably home - so many great resources. I want to ask you a kind of broader base question just to kind of close this out here, but I know that you've argued in the past that companies should treat gender equality as an innovation challenge, and I loved that when I was reading about that. So, I'd love to hear, tell me a bit more about what you mean by treating gender inequality as an innovation challenge and how can that approach actually help close gender gaps?

Sarah: Well, there is a saying that if you keep trying to do the same thing over and over and you keep expecting different results, then you know that's not going to be an effective way to operate. And what I feel like we have been doing when we talk about trying to achieve equality and more inclusion for women is the same thing, we've been doing the same thing for the last two decades. Oh, let's do diversity training and other things like that. And there hasn't been nearly as much progress as everyone had hoped. Certainly, after coming out of the Women's Liberation Movement, we had a lot of progress in the seventies and eighties and it's kind of plateaued since the nineties and that's been a long time that we've been stuck in kind of the same place. And then I thought about the fact that so many organizations pride themselves in their abilities to innovate and create new products and services. New programs, the creativity. But for some reason, none of that innovative talent or innovative ideas are being applied to how to think about equality in organizations. And if we really thought about it as an innovation challenge, maybe we would design our work processes differently. Maybe we would have this huge opportunity post covid, whether we're going back to work, hybrid work and all of that. We could use this as a fantastic innovation opportunity and how we actually work. We could be innovating in how we think about job design. There's just a million ways that we could be innovating that we seem to not put that on the table as a possibility. And so when I argue that we should treat gender equality as an innovation challenge, I mean both the things that we were just talking about in gender analytics, which is think about it all the ways that you can innovate in your products and services and programs and policies, but also how can you innovate in the ways that you're trying to achieve that inside organizations and unleash this same innovative talent you do, you unleash for designing new products to designing new ways of working that could be more inclusive for everyone. And by the way, that will not just benefit women. We know that there's many men who are actually straight-jacketed by expectations of masculinity to behave in a particular way, to be the ideal worker. And if we innovated in the ways that we work, we could be more inclusive for everyone. And so that's what I'm talking about is we just need to bring our innovative and creative talent to this problem rather than thinking that if we just do one more diversity training, we're somehow going to magically fix the problem.

Kadie: I love that you brought that dimension of men into it, because we spend so much time in this space talking about women and gender equality. It's always to women, and we leave out what you just said, which is that the male identity or the male structures are just as constructed as female, right? Like, the labour market is structured in a way that men are also pigeonholed in certain ideas of how they have to perform in that space. So, I think that's the next piece I think we need to get into as well, to also recognize that this is empowering everybody and that there's men in the labour market that are also feeling pressure and inequalities just because of the structural issues. Dr. Kaplan, it is always so interesting connecting with you and learning from your team and your insights, so thank you so much for being a part of level the paying field.

Sarah: Oh, it's my pleasure. Thanks so much.

Sonia: Thanks to the Government of Ontario's Pay Equity Office for this episode of Level the Paying Field. Busted is written and produced by Carmina Ravanera and me, Sonia Kang, and edited by Ian Gormely. This is also our last episode of Season 2 of Busted! We can't thank you enough for listening. If you want to hear more from GATE, tune in to our other podcasts by searching "Institute for Gender and the Economy" wherever you find your podcasts.

Carmina: You can also subscribe to GATE's newsletter at gendereconomy.org to keep up to date with new and innovative research on inequality and the economy. And make sure to stay tuned for Season 3 of Busted! Until next time, happy myth busting!