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# Closing the gender pay gap in the workforce

**Gender ideologies often prompt couples to assign women to take over extra family duties while men remain free to concentrate on their careers**

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**W**hen women were missing from the labour force, that was because they were home caring for children; when they were paid less than men, that was because they had lower education than men. Or so said the economic orthodoxy, including theories popularised by the [1992 Nobel Prize winner Gary Becker](#). A few feminist economists and sociologists protested, but their voices were drowned out until [Claudia Goldin](#) stood on the podium as the President of the American Economic Association in 2013-14 and argued that the answer to the solution of missing and underpaid women did not lie at home but rather, in the market.

## **A name and a voice**

When Betty Friedan wrote in 1963 about college-educated women who were frustrated stay-at-home mothers, she noted that their problem has “no name.” Claudia Goldin, [the 2023 Economics Nobel Prize winner](#), has spent half a century giving a name and voice to their problems. She has chronicled the evolution of the American economy from agriculture to manufacturing to

services and noted that as economic production moved from home to factories, women were excluded from market activities. It was not until offices, schools, and hospitals began to offer more jobs than factories that women found jobs. However, even when they entered the workforce in droves, overtook men in educational attainment, did not congregate in “female jobs,” and did not drop out from the labour force to have children, women continued to earn less than men.

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Professor Goldin argued that this disadvantage is due to their inability to take on jobs that involve all-consuming responsibilities. Parental responsibilities make it difficult for women to take on jobs requiring long hours and irregular work schedules. The private equity partner who saw the deal through and stayed for late-night dinners and meetings had the chance of getting a fat bonus and promotion. These demands are incompatible with raising children, and one partner of a couple often chooses to go on a slower and safer track, the track dubbed the “mommy track,” even at the cost of a high-profile career. While women need not be the ones choosing this slow track, gender ideologies often

prompt couples to assign women to take over extra family duties while men remain free to concentrate on their careers.

Professor Goldin blamed this inequality on “greedy work” that demands extraordinary efforts from workers rewarded with high salaries, big bonuses, stock options, and fast promotions. Rising income inequality leads couples to forgo gender equity within the household and concentrate on increasing family income via specialisation. Her solution to this dilemma is restructuring a workplace that does not rely on heroic efforts, has moderate work hours, and predictable schedules.

### **Women want change, society needs change**

In some ways, Professor Goldin’s work dovetails with that of Juliet Schor, who argued in her book *The Overworked American* that it was far more beneficial to companies to hire two workers who worked long hours than three workers who worked regular hours since it reduced costs such as health insurance, office space, and personnel services. I suspect that Indian workers in Bengaluru struggling to keep up with Zoom calls at 9:30 p.m. to confer with their American counterparts arriving in the office at 9 a.m. while helping their children with their Algebra homework will relate to this.

Although women’s employment rates in India remain low, secular changes suggest that there is no reason why this must continue. Building on Professor Goldin’s observations, the growth of the service sector should offer jobs for women that are not offered by the manufacturing sector; rising education should increase their employability; and declining fertility should free up women’s time. But how can we take advantage of these fortuitous circumstances?

## **Reshaping the environment**

While increased male participation in household work and childcare would help, we must also find ways of reshaping both the work and social environment so that they are conducive to developing a work-life balance for both men and women. This means having work structures that are respectful of workers' time and do not emphasise very long work hours. This makes both social and economic sense. Stanford economist John Pencavel has shown that longer working hours do not mean more productivity and, in some jobs, lead to increased mistakes and injuries.

But if we need to rein in the greedy workplace, we also need to rein in a variety of institutions that demand more and more of our time. This includes schools that rely on parents to supervise homework and urban developments that place homes far from workplaces. Until we can create these supportive institutions, it will be hard to write the last chapter for the grand gender convergence in labour market outcomes that Claudia Goldin advocates for so fiercely.

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