

Revealing the concealed gender gap in the economic value of higher education; USA 1980- 2017

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Motivation

- The rising economic value of education, especially college education, is one of the most important changes in the American labor market over recent decades
- The impressive rise in educational attainments, first and foremost among women



Given the consistent rise in the value of higher education, the continued expansion of women's education seems to be the most promising path towards reaching economic equality between men and women.

Goals

- To examine gender differences in the economic value of higher education (= education premium)
- To track the trends of these differences over time
- To examine whether and how gender differences in education premium vary across the wage distribution
- To discuss the implications of our results vis a vis current research

Previous studies

- The education premium is **higher** for women than for men.

Hubbard (2011):

“perhaps the most prominent stylized fact in this literature has been that the college wage premium for women is higher than the college wage premium for men and has been for at least 40 years)” (p. 568).

- This recurring finding contradicts, at first glance, the well-known assertion that education and skills identified with femininity are valued less than education and skills identified with masculinity in terms of status and pay ([Acker 2006](#); [Correll 2001](#); [England 1992](#); [Ridgeway 2011](#)).

Argument

- Gender inequality in education premium is concealed in the extensive empirical studies on the economic value of higher education due to insufficient attention to the effect of top education premiums.

Specifically:

- The higher premiums of women can be explained by the neglect of “top premiums effects”, since estimations of education premiums compress the top educational premiums, which are dominated by men.

Devaluation and Glass-Ceilings

- Devaluation - Education and skills identified with femininity are devalued in status and pay
- The devaluation of women work will be more significant at the top, a process known as “glass-ceilings”

Devaluation and Glass-Ceilings

- **Education and skills identified with femininity are devalued** ([England 1992](#)):
 - Employers underestimate traits and skills identified with femininity, based on deeply rooted beliefs – termed '**Gender Beliefs**' ([Ridgeway 2011](#)) - about fundamental differences between men and women, which lean on gender stereotypes and biased gender perceptions.

Devaluation and Glass-Ceilings

- Devaluation increases as we ascent the economic ladder, a process known as **glass-ceilings***
 - When the position is at the top of the organizational hierarchy, there is a stronger leaning on gender beliefs.
 - High-status positions tend to be traditionally male-dominated, and thus to involve male culture and work conditions.
 - Since wage-setting systems in organizations are affected by gender assumptions (Acker 1991) they produce different wage agreements for men and women.
 - In top positions, where wage-setting is less standardized and gender beliefs have greater impact, all forms of glass ceiling are expected to increase.

Argument

- Gender inequality in education premium is concealed in the research due to insufficient attention to the effect of top education premiums.

Why?

- Conventional measures of education premium estimate education premiums based on **logged-wages**
- This substantially downplays the effect of top premiums, as it compresses the top educational premiums, which are dominated by men.
- Downplaying the effect of the top premiums – where gender inequality is most pronounced – results in an underestimation, and even reversing, of the gender gaps in education premiums.

Method

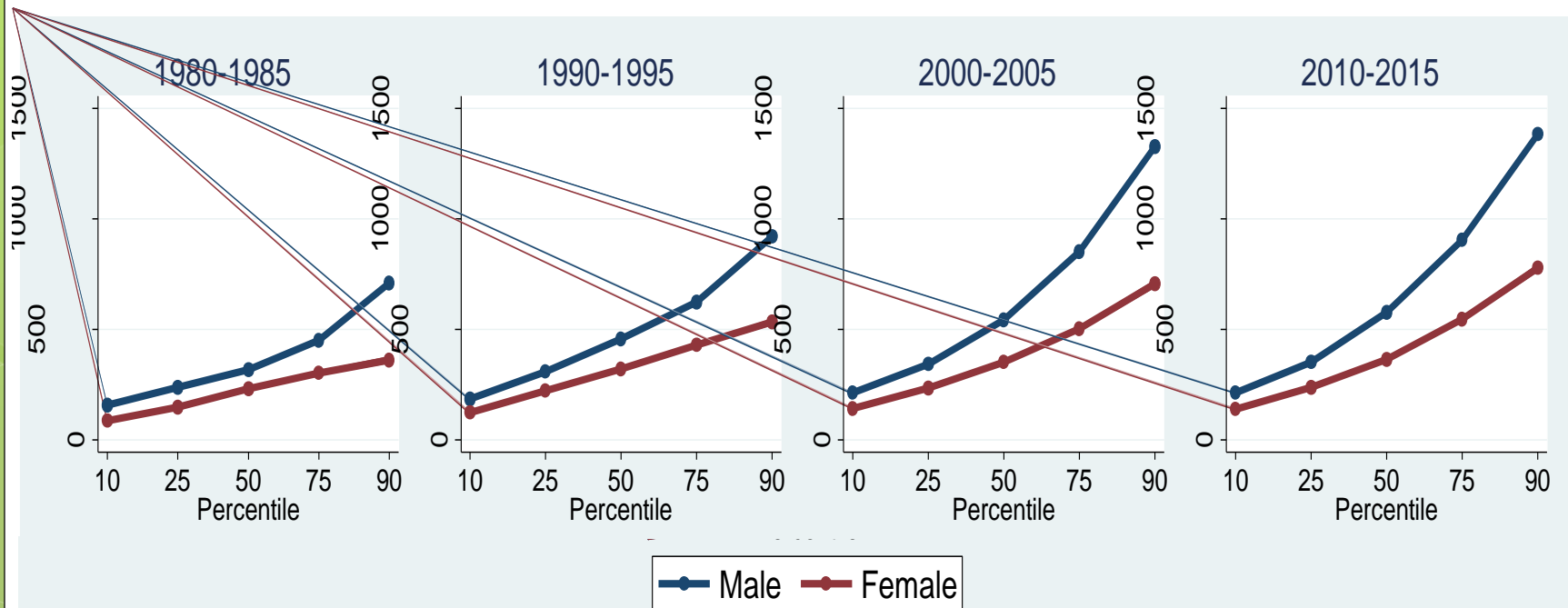
- Two different regression models, based on the same specification and differing only in the dependent variable:
 - Wage in logarithmic terms (inflation adjusted)
 - Wage in US\$ (inflation adjusted)
- Quintile regressions to compare the gender gap in education premiums in different segments of the wage distribution.

Data & Variables

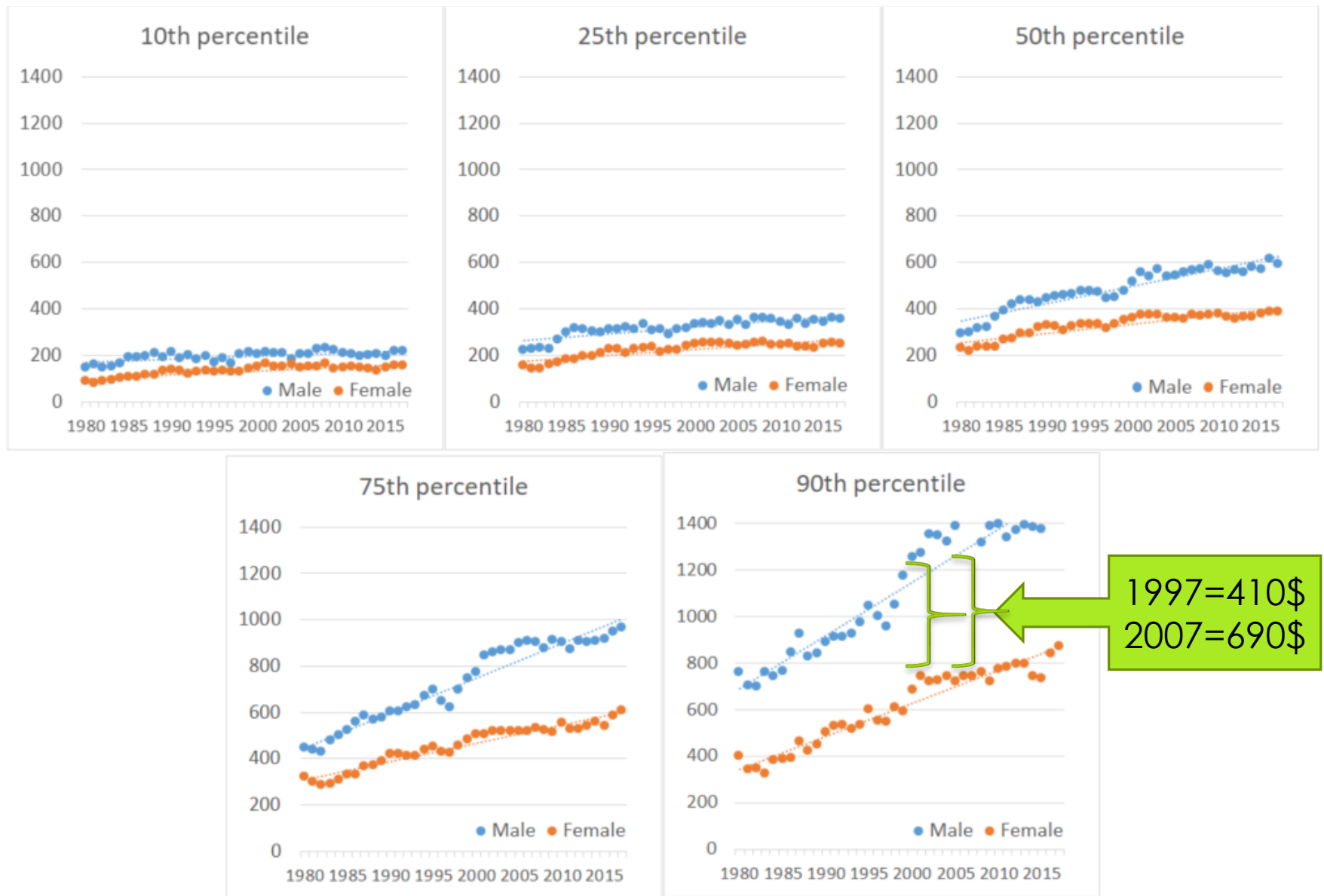
- US- CPS (IPUMS) 1980-2017
- Main covariates:
 - Gender (men=0),
 - Education (BA+=1)
 - GenderXeducation
- Controls: working hours, age, and race
- 38 regressions, one for each year (1980-2017)
- Aged 25-64 with positive earnings
- Average 63,851 respondents in each year

Gender gaps in education premiums across the wage distribution

distribution: Education premium, by gender, percentiles, and period (quantile regressions)



Education premium, by gender, percentiles, and period (quantile regressions)



Findings

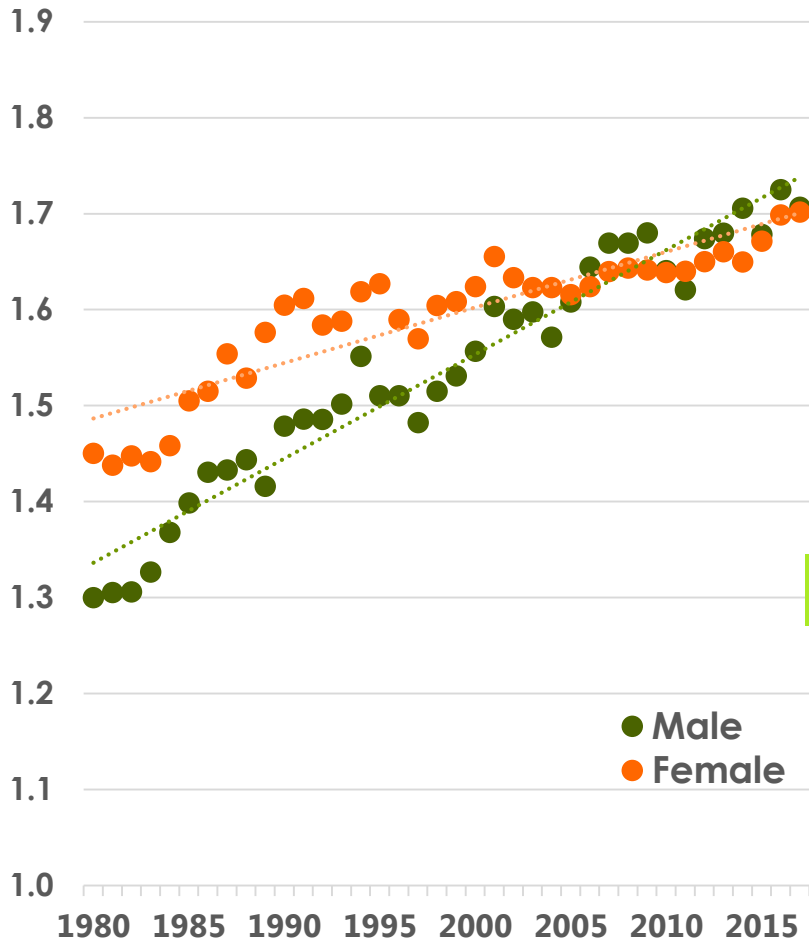
- In opposed to what we know from previous findings - women get lower returns to their education than men.
- The gender wage gaps is larger at upper wage segments.
- If this is the case, then the use of log wage should conceal the full gender gap in education premium, because it compresses the right tail of the wage distribution.

Education premium*, by gender (1980-2017)

* Weekly wage gaps between workers with and workers without college education

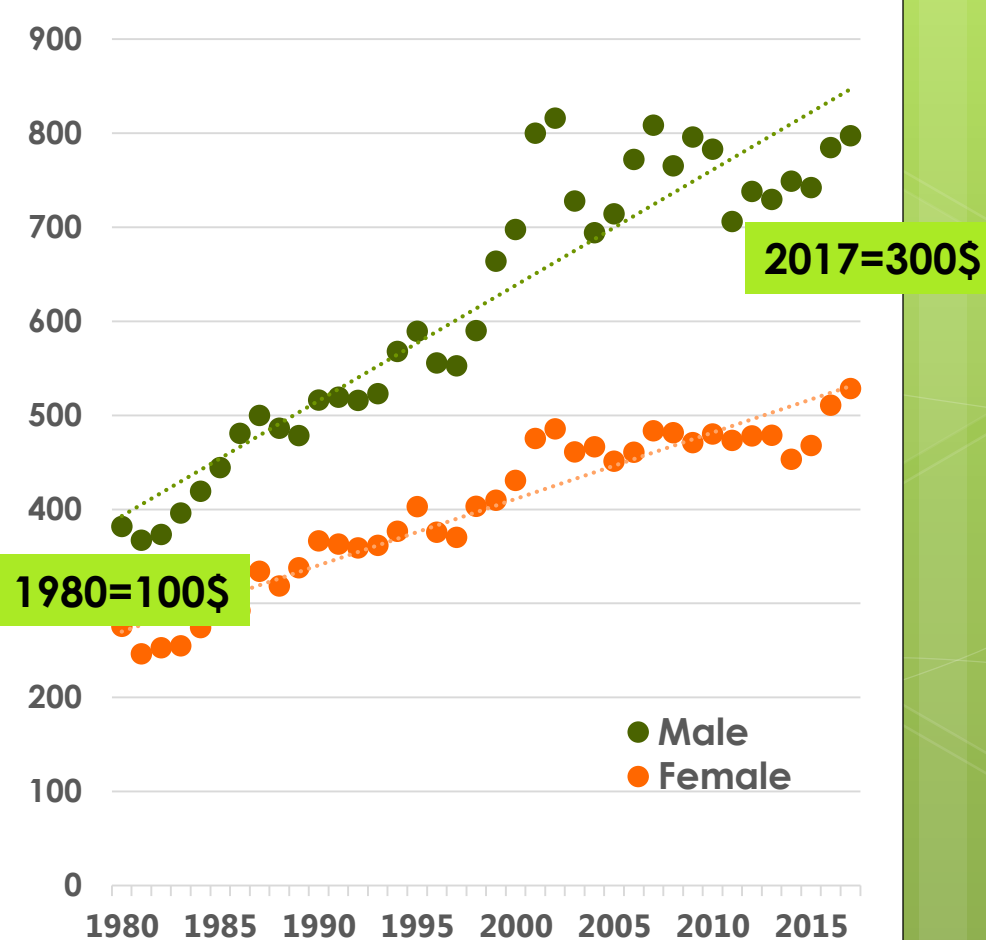
Log-wage

Wage ratios between more and less educated workers, by gender



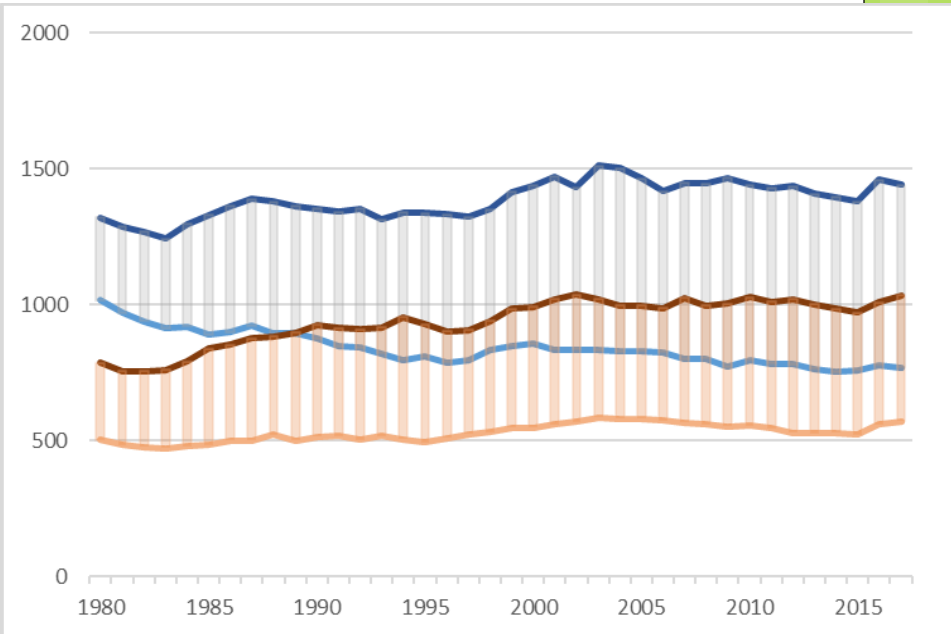
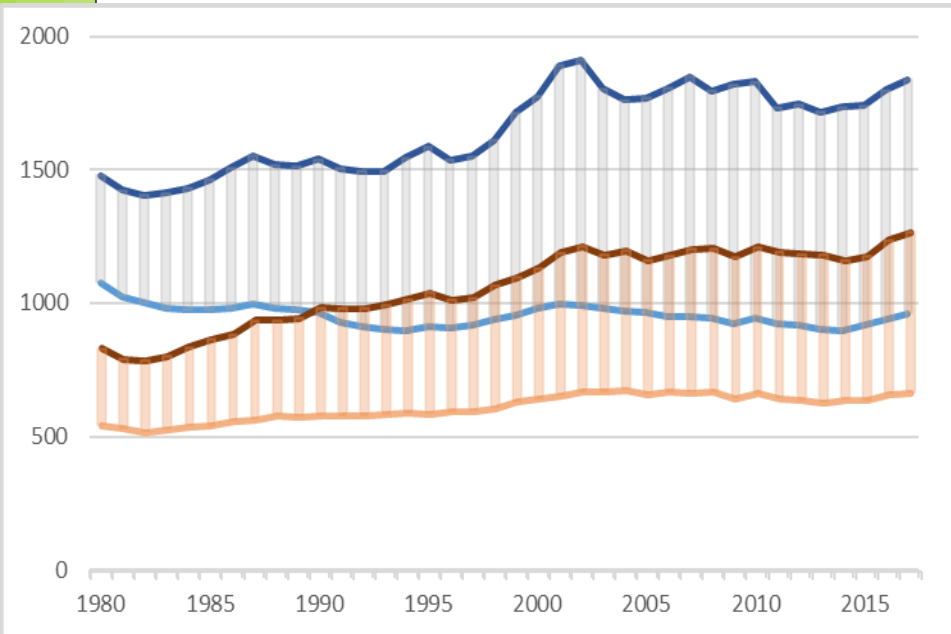
Wage (US\$)

Wage differences between more and less educated workers, by gender



Average weekly wages by year, gender and education

Median weekly wages by year, gender and education

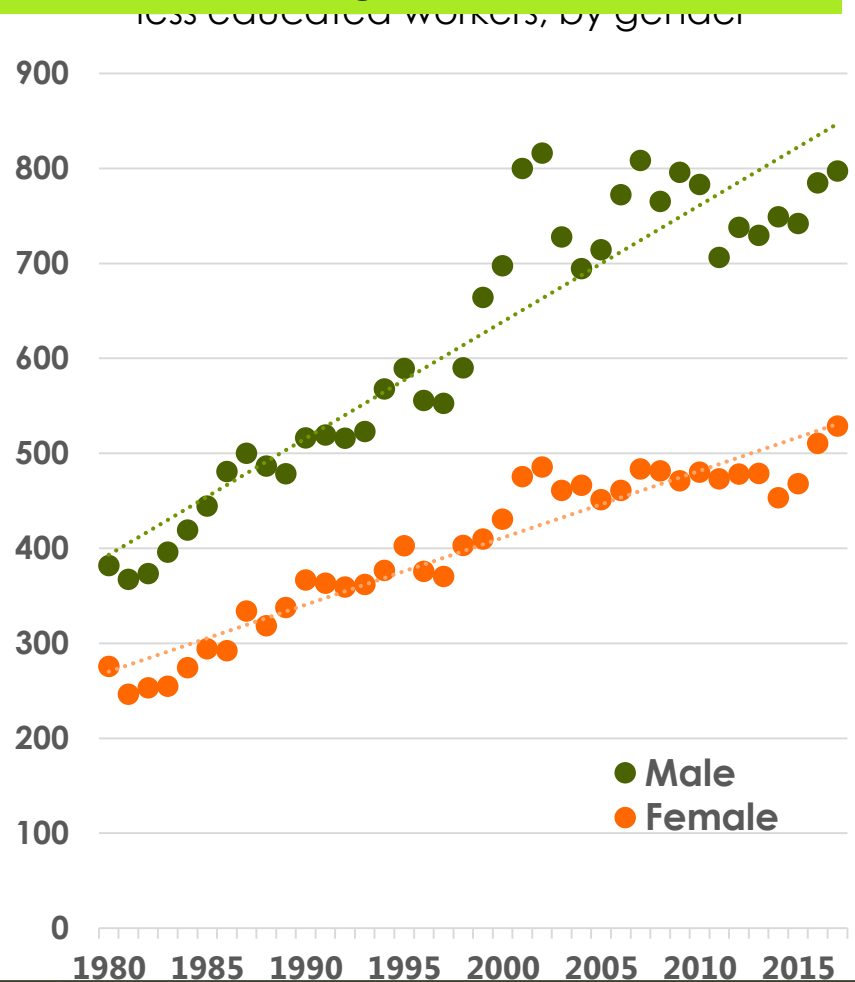
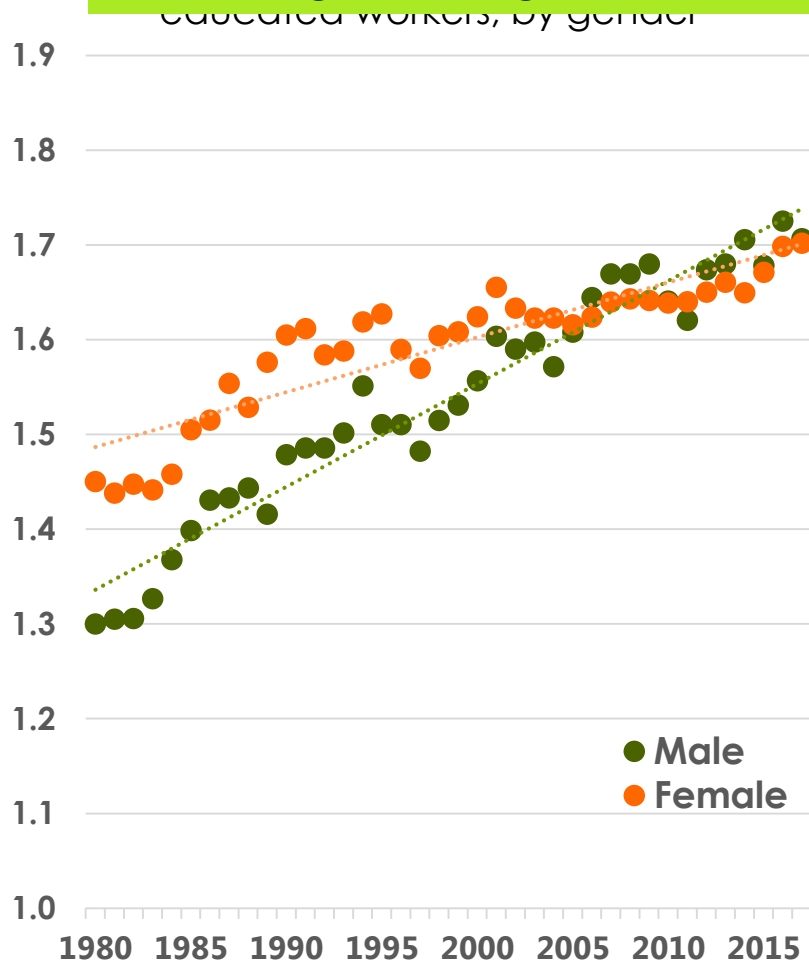


Men Women

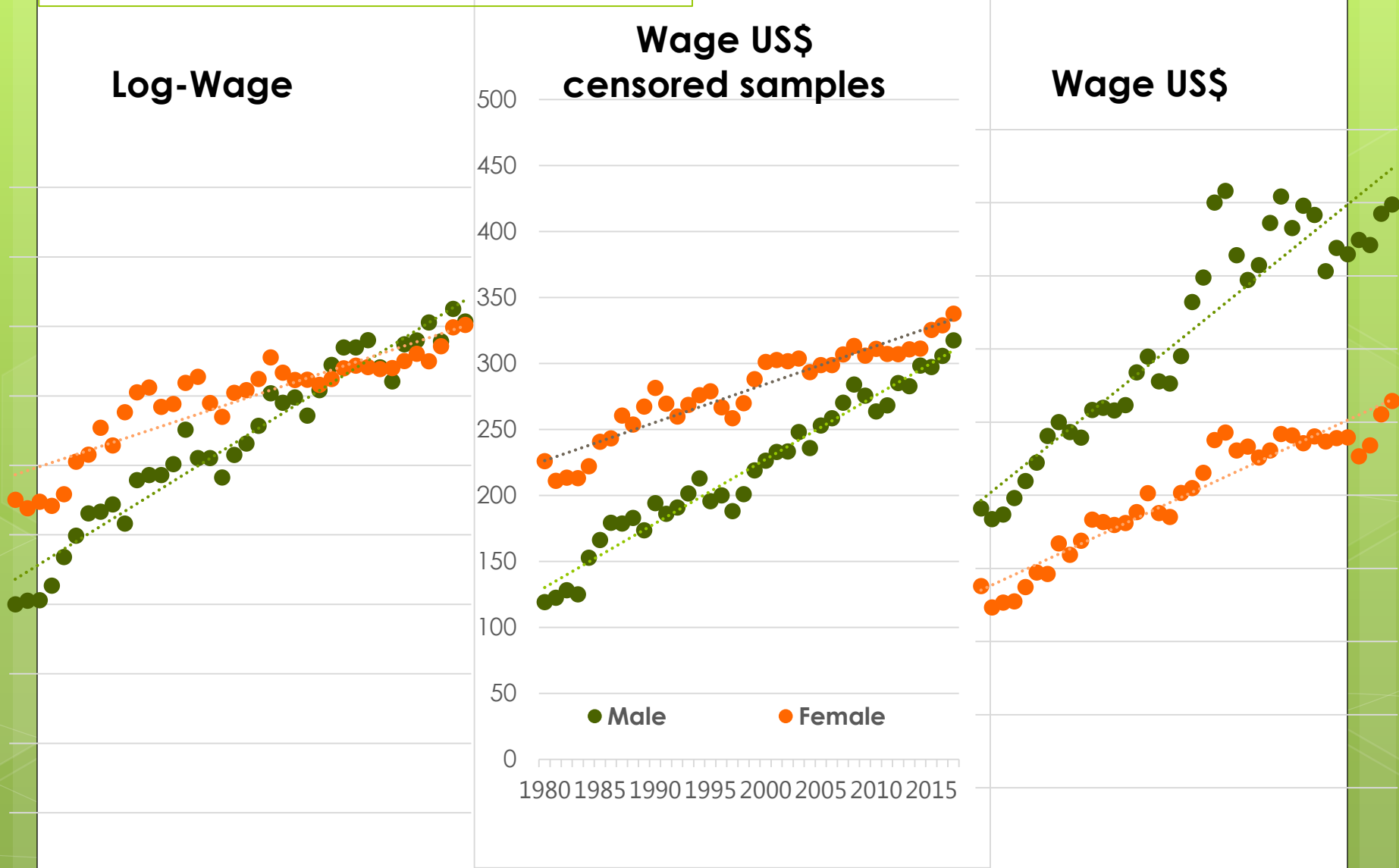
— No BA — No BA

— BA — BA

The purpose:
to intuitively demonstrate the effect of top premiums on the trends we re-estimated the education premium in US dollars after censoring the wage distribution at the 80th wage percentile



Returns to education by gender



Summing up

- Higher education has become a major determinant for acquiring prestigious and rewarding positions
- This was followed by an impressive growth in educational attainments among women



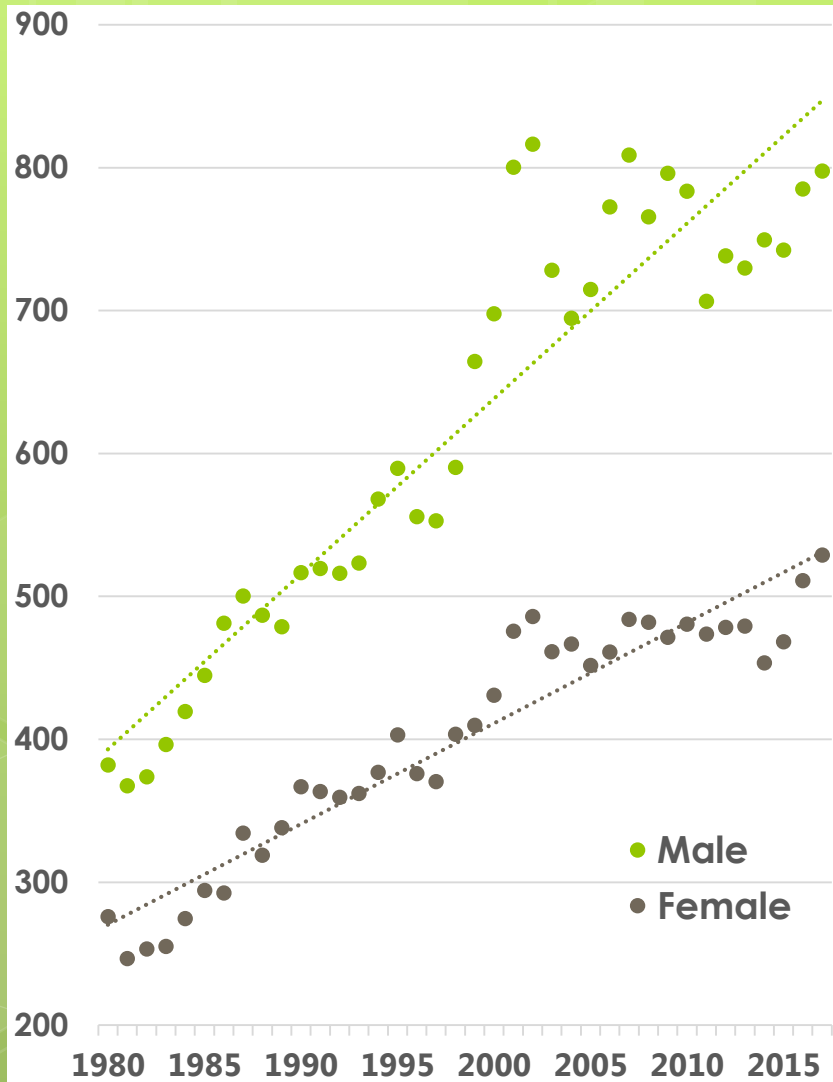
The two combined processes are expected to improve the economic attainments of women relative to men.

*** YET ***

- Women draw lower economic rewards from their education
- The gender gaps in the academic premium increase over time

Summing up

- Persistence of men's advantage:
 - During a period when major aspects of gender inequality were in decline.
 - Due to underutilization of female human capital, and the devaluation of women's education and professions.
 - Insufficient scholarly attention to core mechanisms that determine gender inequity:
 - Underestimates gender gaps in education premiums.
 - Conceals the expansion of this gap over time.
- Women's educational attainment alone will not eliminate gender inequality as long as women and women's work will remain devalue.



Thank You

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