

SWEDISH HOUSE
OF FINANCE



Women in Finance Conference 2018

“Disclosing the Gender Pay Gap”

9:15 am -10:00 am

Presenter: Elena Simintzi, Assistant Professor of Finance, Kenan-Flagler Business School University of North Carolina

Discussant: Karin Thorburn, Professor of Finance at Norwegian School of Economics

Do firms respond to gender pay gap transparency?

Discussion by

Karin S. Thorburn

Research Chair Professor of Finance, Norwegian
School of Economics

Adjunct Full Professor of Finance, The Wharton
School of University of Pennsylvania

ECGI, CEPR

This paper

- 2006 law requiring Danish firms with >35 employees to report wage statistics by gender
- Diff-in-diff regressions: 2003-2005 vs. 2006-2008
 - Treated firms: 35-50 employees
 - Control firms: 20-34 employees
- Average pre-reform pay gap of 18.9%
- Post-reform, pay gap dropped by 1.4pp to 17.5%
 - Caused by slower growth in male pay
 - Sales and wages drop; no effect on firm profitability
 - Largest pay gap decline in occupations with high pay gap and for managers with daughters

Pay gap in Sweden, 2005-2017, full-time equiv.

Female pay in % of male pay	2005	2012	2017	Change
Private sector	85,3	87.8	89.1	3.8
Blue-collar	88,3	90.9	90.0	1.7
White-collar	77,3	80.1	82.9	5.6
Public sector	83,4	85.9	89.9	6.5
"Kommuner"	91,6	93.8	96.9	5.3
"Landsting"	71,4	75.0	79.4	8.0
Government	85,7	91.1	93.5	7.8
All sectors	83,7	86.1	88.7	5.0

Source: Medlingsinstitutet

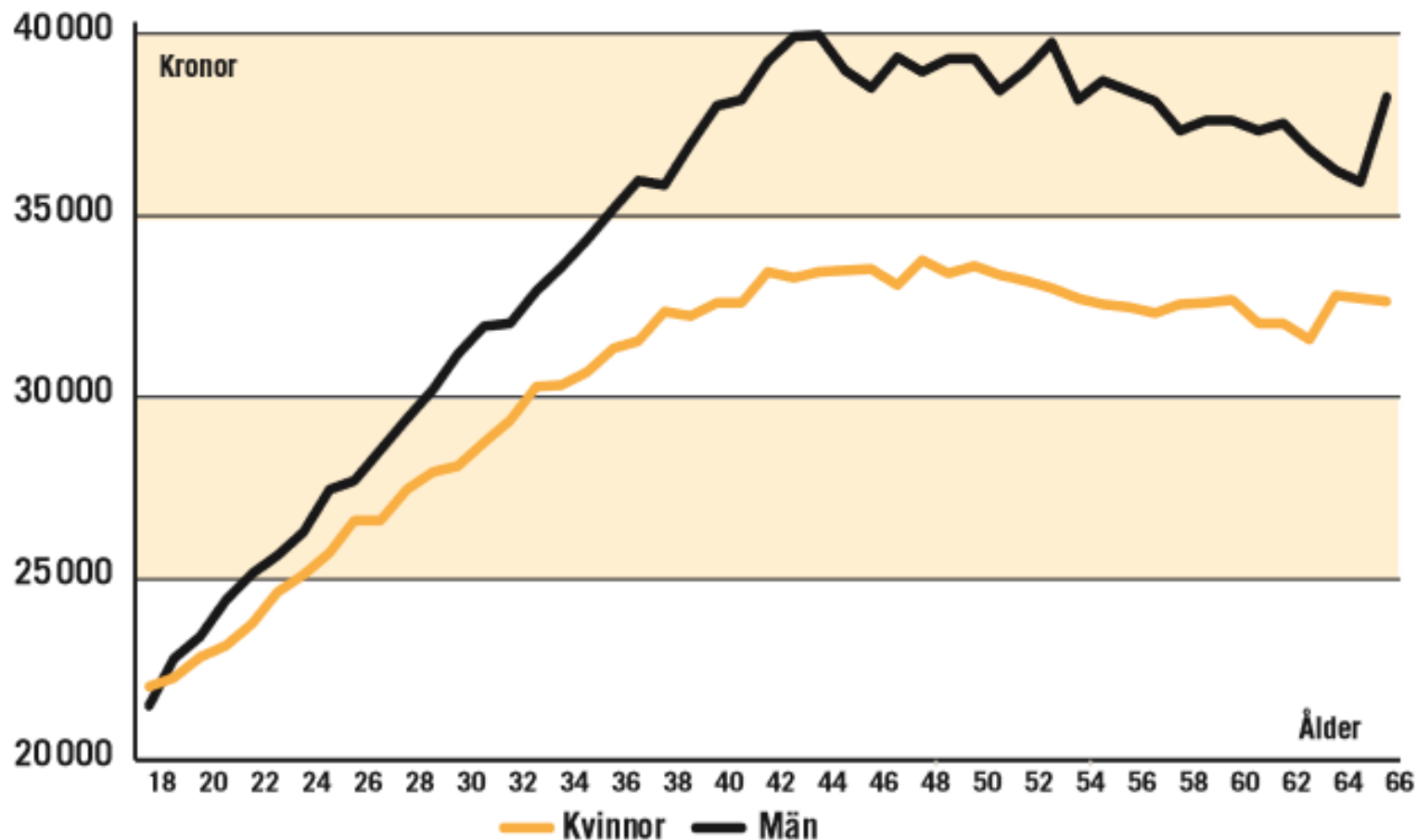
Explaining the gender pay gap, Sweden 2017

		Pay difference in %	Female pay in % of male pay
(1)	Gender	-9.4	91.6
(2)	(1) + age and education	-12.0	88.0
(3)	(2) + occupation	-3.9	96.1

Unexplained pay gap may reflect skill and effort

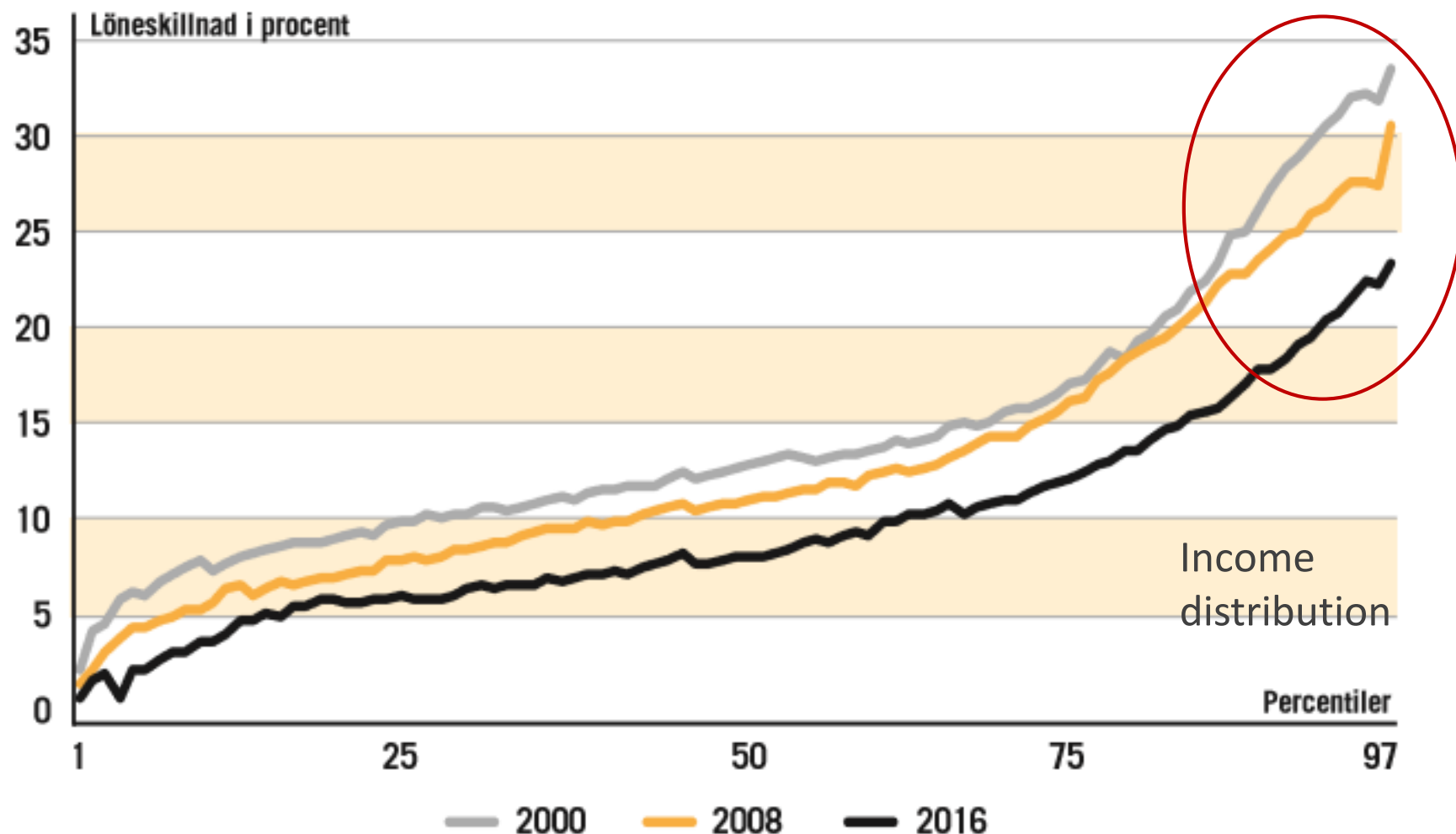
The gender pay gap increases with age

Difference in male and female pay: Sweden 2016



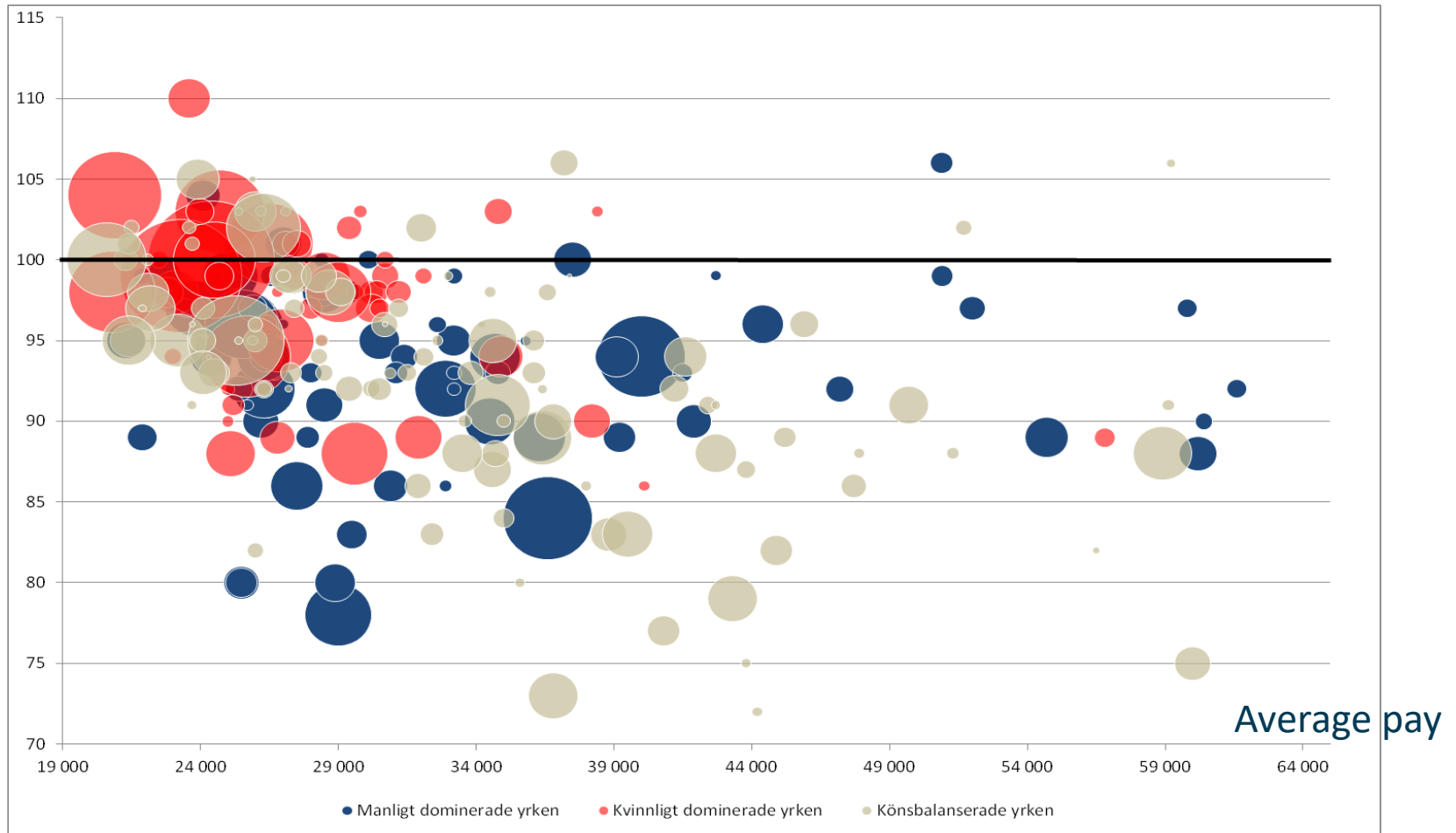
Shrinking pay gap, but glass ceiling remains

Difference in male and female pay in %, Sweden 2000-2016



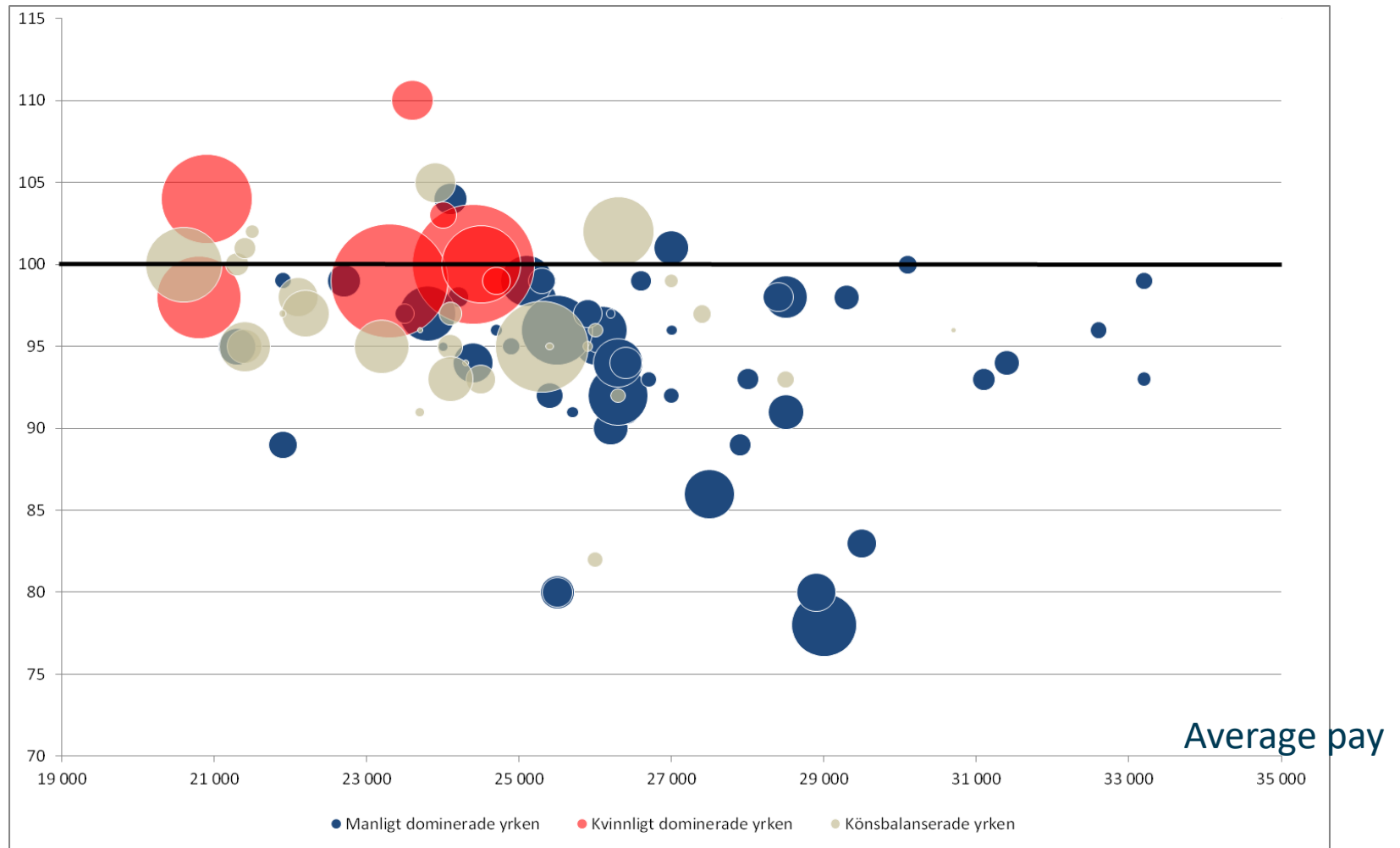
Women work in large (public sector) occupations with low pay and small pay gaps

Female pay in % of male pay



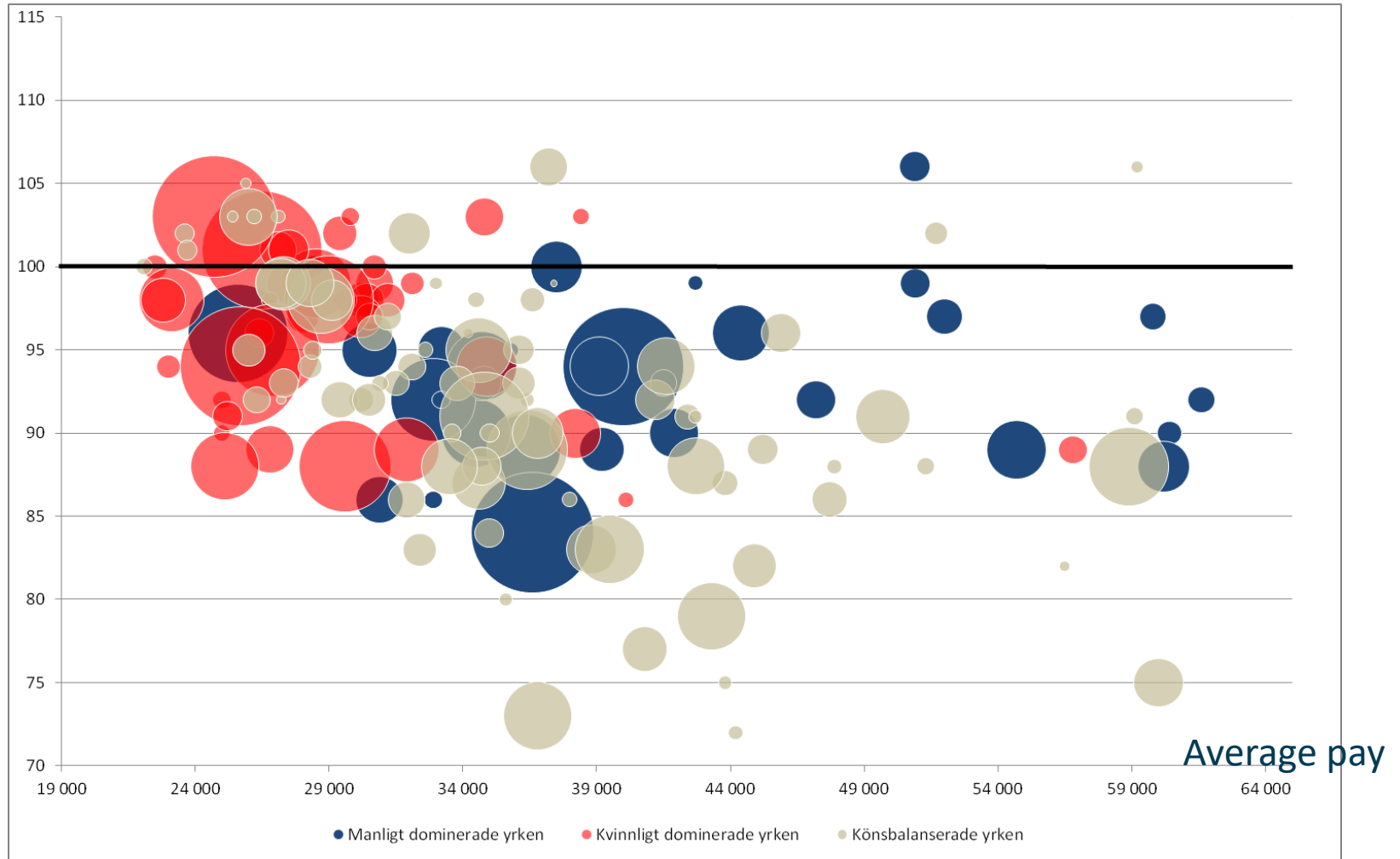
...same pattern for blue-collar workers...

Female pay in % of male pay



...and white-collar workers

Femaly pay in % of male pay



Average pay

Comments I

DID designed to control for time trend of declining gender pay gap, but...

1) Post-reform period should start in 2007

- Law was adopted 6/2006 and came into force 1/2007
- When are wages typically negotiated?
- 2007 first year wages could be affected by disclosure

2) Concern: the financial crisis may impact treated and control firms differently

- Industry-specific effects
- For robustness, use control sample of industry-matched firms

Comments II

- 3) Concern: Time trends could be different across treated and control firms
 - Firm size: large firms appoint more female directors
 - Larger firms = higher pay = larger pay gap decline
 - Robustness: limit sample to 30-40 employees
- 4) Managers are likely to know their own wage statistics
 - Unclear why disclosure should have greater impact on managers with daughters
- 5) Panel: the pay gap seems relatively large
 - Is the sample changing a lot from year to year?
 - More sample statistics: # of employees of firms in each group, # of firms that switch group, sample turnover

Concluding remarks

- Interesting paper showing the effect of disclosure on the gender pay gap
- Well-written and well-executed: worth reading!
- Difficult to know how much of the pay gap that is related to effort and skill
 - Did sales and wages drop because women work less?
- Largest pay gap lies in occupation and part- vs. full-time
 - In Sweden, women's income is 60% that of men
 - Female-dominated occupations have much lower pay
- Awareness is first step to gender equality
 - Thus, disclosure may be an important tool