

**Gender Discrimination
Pay and Promotions in Job-Ladders**

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In Lazear and Rosen (1990), they described how discrimination in the promotion process stops women from progressing up the job-ladders. Such discrimination is presumably rational and operates on the belief that women are more likely to separate from labour market activities than men. Here we test this assumption – discrimination in promotion is driven by the likelihood of separation given the characteristics of the workers – by empirically estimating an extended form of their model. The personnel record of a large financial firm in Britain covering 155 months is used in this study. We estimated the L&R model under two specifications: gender discrimination and discrimination against people who are likely to separate from the firm. Our results show that the form of gender discrimination is just as it was described in the model, but the link between tendency to separate and discrimination is not. This shows that within this firm, gender discrimination is not really just rational statistical discrimination as assumed in L&R's model.

Keywords: Gender discrimination, Job-ladders, Internal Labour Markets.

<http://www.abdn.ac.uk/~pec187/malefemale.pdf>

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