Glass Ceilings? Sticky Floors? Gender Differences in Wage Growth and Promotion

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There is no debate about the fact that women tend to fare worse than men in the labour market. Evidence of a wage gap in pay is abundant. This paper attempts to complement this static picture with an examination of gender differentials in wage `dynamics' using nationally representative panel survey data for the UK and Luxembourg.

There is on-going debate about the existence (or otherwise) of a `glass ceiling' above women in the labour market, that is an invisible barrier that inhibits promotion opportunities for women (but not men) and prevents women from reaching top positions.

Do such `glass ceilings' exist and exacerbate the male-female wage differential? Or, on the contrary, are women able to take advantage of promotions and other opportunities for wage growth to catch up partially to male wage rates?

Existing evidence based on surveys representative of large populations (rather than based on personnel record data) is relatively scarce, and results are mixed. There is no strong support for the standard `glass ceiling' hypothesis: promotion probabilities often turn out to be similar between males and females. However, the return to promotion in terms of associated wage growth may differ more substantially between men and women. Booth et al. (2003) coined the term `sticky floors' (as opposed to `glass ceiling') to describe such a situation. They developed a general model of promotion and wage growth allowing such (and other) patterns to emerge by combining elements of the classical Lazear and Rosen (1990) model (women having better non-market opportunities), discrimination in the form of different reaction to outside offer threats, and gender differences in the distribution of outside offers.

This paper provides additional empirical evidence about these issues. It first attempts to identify if there are observable differences in wage growth between males and females. Differences in promotion rates (intra-firm job mobility) and in quit rates (inter-firm job mobility) are then considered. Crucially, and this is where the approach is novel, local kernel weighting methods are applied to assess men and women's wage growth rates, as well as quit and promotion probabilities, conditionally on base period wage level. It makes it possible to examine the issue in greater detail and identify what happens at different points on the wage scale. This is a relevant approach in this context. If `glass ceilings' are in effect, we may indeed anticipate differences in wage growth and promotion probabilites to appear only for higher income classes. Similarly some of the forces at play in the `sticky floors' model of Booth et al. are very likely to have different effects for men and women at different points on the wage scale (e.g. the distribution of outside offers, or of non-market opportunities). Looking at the mean, as typically done in empirical analyses, may therefore return a mitigated picture.

In a second step, wage growth, promotion and quits (and the wage return thereof) are considered jointly. The methodology developed by DiNardo et al. (1996) is extended and adapted to try and explain the observed differences in wage growth between male and female (conditionally on base period wage) by (i) differences in human capital and job characteristics, (ii) differences in promotion and quit rates, and (iii) differences in wage return to promotion and quit.