State liberalism, female supervisors, and the gender wage gap

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\textbf{A B S T R A C T}

Whereas some are concerned that the gender revolution has stalled, others note the rapid increase in women’s representation in the ranks of management, and the reduction of wage inequality in larger and more active welfare states. Although these latter trends portend an attenuation of gender inequality, their effects on the gender pay gap in the U.S. are understudied due to data limitations, or to the assumption that in the U.S. pay is determined by market forces. In this study we extend research on the determinants of the gender wage gap by examining sex-of-supervisor effects on subordinates’ pay, and to what degree the state’s commitment to equality conditions this relationship. We pooled the 1997 and 2002 National Study of the Changing Workforce surveys to estimate hierarchical models of reporting to a female supervisor and wages, with theoretically important predictors at the individual level, and at the state of residence (an index composed of women’s share of legislators, a measure of the liberal leanings of the state, and the size of the public sector relative to the labor force). We found that state effects on pay were mixed, with pay generally rising with state liberalism on the one hand. On the other hand, working for a female boss significantly reduced wages. We discussed the theoretical implications of our results, as well as the need for further study of the career effects on subordinates as women increasingly enter the ranks of management.

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\section*{0. Introduction}

Despite concerns that the gender revolution has stalled (Cotter et al., 2004; England, 2010), two trends show continued progress toward gender equality. The first is women’s representation in the ranks of management, rising from just over one-fifth in 1975 to nearly half by 2005 (Cohen et al., 2009:320). Although there has been much research on the organizational and environmental determinants of women’s managerial attainment (see Reskin and McBrier, 2000; Stainback and Tomaskovic-Devey, 2009 for reviews), the extent to which women in power curtail gender inequality has drawn much less attention from researchers. A second trend shows that the gender wage gap declines in countries with larger and more progressive states (Mandel and Semyonov, 2005; Mandel and Shalev, 2009). Yet, because it is assumed that in the U.S. wages are determined largely by market, not political, forces (Esping-Andersen, 1990; O’Connor et al., 1999), little attempt has been made to examine the proposition that the gender wage gap varies across U.S. states.

In this paper, we link these two bodies of research to extend our understanding of the gender gap in pay. That is, we interrogate the effect of reporting to a female supervisor on pay inequality, and examine how the state’s political climate conditions this relationship. From the rather sparse literature on this subject, we develop competing hypotheses about the impact...
of female supervisors on the gender pay gap. One is that because liberal states empower more women, female supervisors in these states will reduce gender inequality in pay; an alternative hypothesis is that female supervisors will be associated with a larger gender pay gap, irrespective of the political context in which this association is observed. Using a representative sample of the U.S. labor force, we estimate a multi-level model of wages, in which the effects of being female, having a female supervisor, and their interaction are allowed to vary across the political environment of states. Our findings adjudicate between these two competing predictions of gender-of-supervisor effects on how the gender gap in subordinates’ pay, and have wider implications for understanding the effects on inequality when women hold positions of power.

1. Background

1.1. Women in power will reduce gender inequality

Theories of economic inequality have long implicated men’s dominance of authority positions as a mechanism for the recreation of gender inequality in the labor market. Because men prefer to work with other men, men in power will hire, assign tasks, evaluate, pay, and promote subordinates in ways that benefit men and disadvantage women (Kanter, 1977; Kaufman, 2010; Reskin, 1988; Roth, 2004). Thus, as women increasingly enter the ranks of management there is reason to expect a reduction in gender inequality. Not only do more women in power represent a dismantling of processes and structures that promote male advantage in the workplace, but female superiors will likewise invoke in-group preference when evaluating and rewarding female subordinates.

Theory and research in organizational behavior supports the proposition that female subordinates benefit when reporting to a female superior. First, female superiors can empathize with female subordinates who have experienced gender discrimination in their careers and are more likely to mentor female subordinates (Cardoso and Winter-Ember, 2010; Fagenson, 1993). In a meta-analysis of studies of women’s distinctive leadership styles, Eagly and Carli (2003) found that compared with men, women leaders are more concerned with equity in the workplace and are more likely to promote the careers of their subordinates by sharing information, delegating responsibility, and providing resources. Studies also show that when female superiors provide more information, resources, and visible job assignments to their female subordinates, female subordinates earn higher pay relative to their male counterparts (Hultin and Szulkin, 2003; Tsui and O’Reilly, 1989).

Sociological research has shown that female managers promote equality by reducing gender segregation in subordinate job assignments (Huffman et al., 2010; Reskin et al., 1999; Stainback and Kwon, 2012), and some studies find a lower gender wage gap when more women are in power. In a sample of Portuguese firms, Cardoso and Winter-Ember (2010) reported a positive association between female-led firms and women’s pay. In a sample of Swedish firms, Hultin and Szulkin (2003) estimated a two-level hierarchical linear model (workers employed in firms) and found smaller gender wage gaps among blue- and white-collar workers with proportionately more female supervisors and female managers, respectively. Using U.S. Census data, Cohen and Huffman (2007) estimated a three-level hierarchical model (individuals employed in occupations within local industries) and found that among non-managers the gender pay gap was higher in labor markets where managerial women were concentrated in low-status industries (e.g., retail, personal service industries), and lower where women managers were concentrated in high-status industries (e.g., finance, business services).

The above findings are suggestive rather than conclusive, however, because they were based on analyses of aggregated data that could not determine whether subordinates actually reported to a female supervisor. This is important because the above studies also found that firms and labor markets with more female subordinates were more likely to have female supervisors, and everyone earned lower pay as a result. For example, although Cardoso and Winter-Ember (2010) found a positive effect on wages in female-led firms, they also found a negative effect on wages when firms employed more subordinate women, and the interaction of this covariate with female-led firms further reduced pay. Similarly, Cohen and Huffman’s (2007) descriptive statistics showed that compared with their male counterparts, women managers tend to be located in lower-status industries, and male and female subordinates alike earned lower wages when they worked in industries with a concentration of low-status female managers. These findings are consistent with other studies showing that female managers are concentrated in low-wage industries that employ more women (Reskin and McBrier, 2000; Stainback and Tomaskovic-Devey, 2009).

1.2. Women supervisors are powerless to reduce gender inequality

More women in power does not necessarily portend gender equality if managerial women are powerless to alter organizational practices and rewards. Women’s powerlessness may stem from their segregation into female-dominated and low-paying industries as mentioned above, but powerless may also result from within-firm allocation practices that channel women into devalued managerial slots within corporate job ladders or into lower- or mid-level supervisory positions. Evidence for these managerial segregation processes can be found in historical studies of how firms accommodated women in management. In the 1960s, firms complied with political demands for equality by creating human resource

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1 Cardoso and Winter-Ember (2010) could identify the sex of owner-operated businesses in only one-sixth of the firms in their sample; for the remainder, a female-led firm had a majority of female managers.
and community liaison managerial functions largely staffed by women (Dobbin, 2009), leaving the more important revenue enhancing (and thus, better paid), sales, financing, and marketing functions in the hands of men (Acker, 2006; Kanter, 1977). Other studies showed that after affirmative action was implemented women’s representation in middle-managerial ranks increased as firms re-classified clerical positions into lower-level management positions (Miller, 1980; Smith and Welch, 1984). In a statistical analysis of temporal change, Jacobs (1992) showed that female managers’ pay increased between 1980 and 1980, but also that the 1980 gender gap in pay among managers was larger than in the labor market as a whole. This finding suggests that when women were integrated into management they were placed in marginalized positions that did not threaten men’s more privileged status in firms (see also Ridgeway, 2011, 2001).

Other research demonstrates that female supervisors are matched to devalued female workers. This research argues that privileged male actors resist encroachment into their jobs and consign women to less desirable jobs in the workplace (Reskin and Roos, 1990; Reskin and McBrier, 2000; Roscigno, 2007; Tomaskovic-Devey, 1993). Thus, women tend to concentrate at lower rungs of various job ladders within firms, where compared with men’s jobs, female-dominated jobs are less secure, lower paid, and offer few opportunities for professional advancement (Kauffman, 2010; Padavic and Reskin, 2002; Reskin et al., 1999; Tomaskovic-Devey, 1993). Yet, employers still desire that women work hard despite their devalued status so they practice “bottom-up ascription,” whereby female supervisors are assigned to manage female-dominated workgroups (Elliott and Smith, 2001; Smith, 2002). Doing so makes the symbolic promise to devalued female subordinates that mobility into management is possible, while also allowing employers to simultaneously claim that they value diversity in their managerial ranks. Further, one study suggests that bottom-up ascription is not unique to the U.S.; in a sample of Korean firms, Stainback and Kwon (2012) found a positive association between percent female in supervisory positions and gender segregation among subordinates, which they attribute to firms’ tendency to assign female supervisors to female-dominated workgroups.

A related argument about gendered workplaces is that cultural stereotypes hold that men are presumed to be more competent and career-focused than women (Acker, 2006; Ridgeway, 2011, 2001). Thus, for women to ascend to positions of power they have to work harder than their male counterparts and distance themselves from “women’s issues” in the workplace (Ely, 1994; Kanter, 1977; Ridgeway, 2001; Wacjman, 1998). Upon adopting the work habits and attitudes of male organizational elites, employers select women to managerial roles because they have conformed to prevailing workplace norms and practices. Thus, women leaders would threaten their own careers if they sought changes in the organization or selectively rewarded female subordinates in an effort to reduce inequality. Rather, in an effort to conform to gendered workplace norms, female leaders may mentor men more than women on the assumption that men are more focused on their careers than women (Ely, 1994; Wacjman, 1998). Indeed, Maume (2011) showed that when reporting to a female supervisor, male subordinates received more support from their bosses than did female subordinates, and were more optimistic about their advancement prospects.

For our purpose, the important question is whether supervisory women have the capacity to reduce the gender gap in pay among their subordinates. Hultin and Szulkin (2003) did report that as women’s share of supervisors increased, the gender pay gap among blue-collar workers declined, but as we noted above this study could not determine whether subordinates actually reported to a female supervisor. Three other U.S. studies examined direct sex-of-supervisor effects on subordinate pay, and all failed to find a smaller gender gap in pay when reporting to a female supervisor. Yet, all three studies drew on unique and limited samples, one from a single city (Browne and Tigges, 2000), another from a single firm (Penner et al., 2013), and a third limited to employees of small businesses (Penner and Torro-Tulla, 2010). Given the rather limited attention to the pay effects of directly reporting to a female supervisor, further study of this relationship in a representative sample appears warranted.

1.3. Do states empower women and impact pay inequality?

The cross-national literature shows that the structure and policies of national welfare states affect gender inequality (for a review see Pettit and Hook, 2009), and it is our contention that U.S. states likewise vary in their commitment to and effects on gender equality. Building on the comparative inequality literature and the few state-level studies in the U.S., we argue that states can affect the gender gap in pay by altering both the “accountability structures” and “opportunity structures” of labor markets.

The state impacts the accountability structures of labor markets by passing legislation and enforcing regulations that shape employer hiring and pay practices. Cross-nationally, women’s economic status is highest in the social-democratic states (e.g., the Nordic countries) that pursue full employment policies and compress wage scales whereas gender inequality is greater in the liberal states (e.g., U.S., Great Britain) with minimal government regulation of the labor market (Gornick and Meyers, 2003; Mandel and Semyonov, 2005; Mandel and Shalev, 2009; Pettit and Hook, 2009). Of course, there has been a tendency to overlook individual states within the U.S. as determinants of inequality (Esping-Andersen, 1990; O’Connor et al., 1999), but others argue that in the decentralized American political system states are meaningful political actors, whose histories, culture, and institutions shape the pattern of inequality (Amenta and Halfmann, 2000; Fellowes and Rowe, 2004). To institutional theorists, political actors (legislators, governors, judges, state bureaucrats) craft legislation, make rulings, and enforce regulations that responds to the demands of constituents and affirms their political legitimacy. In states committed to gender equality more women will rise to political leadership positions, and women’s empowerment in state government tends to be associated with more legislation and policies (e.g., family leaves, child-care provision, anti-discrimination, equal
pay) designed to attenuate gender inequality (for a review of this research, see Paxton and Hughes, 2007). Further, women's empowerment in the private sector tends to follow political demands for equality. That is, in response to federal and state oversight, (largely female) executives in human resource departments implemented and enforced affirmative action programs that reduced pay differences between majority and minority groups, enabling more of the latter to reach management positions within firms (Kalev et al., 2006).

Yet, to our knowledge, only a handful of studies have examined how a state's political context affects the economic status of women. Guthrie and Roth (1999a,b) used organizational data to show that firms were more likely to have a female CEO and offer pro-family benefits when located in progressive states (measured by the early adoption of leave legislation). Beggs (1995) similarly used the passage of legislation to assess the political climate of a state and found that organizations based in progressive states had greater female representation in top white-collar jobs. These studies suggest inequality is lower in liberal progressive states because more women are located in top management positions, but neither assessed how more female managers in progressive political climates affected the gender gap in pay among individuals. Ryu (2010) partially addressed this question by showing that the gender wage gap was smaller in liberal states but he did not examine the impact of reporting to a female supervisor on the gender pay gap.

In addition to shaping personnel practices, states can alter the pattern of gender inequality by impacting the opportunity structures of labor markets, either via its role as an employer or by furthering the process of "defamilialization." Although the state has many functions, a driving force in government expansion in the 20th century was the state taking increased responsibility (either directly or via subsidies to private providers) for care work (e.g., child care, early childhood education, health care, elder care). Since care work is typically women's responsibility, defamilialization increasingly freed women to pursue careers (Esping-Andersen, 1990; O'Connor et al., 1999). On one hand, the state as employer tends to create more semi-professional and managerial jobs in care work sectors, and avoids discriminating against women, policies that likely empower more women and reduce wage inequality (Esping-Andersen, 1990; Gornick and Jacobs, 1998). On the other hand, the state as service provider and employer creates gendered tradeoffs for women (Pettit and Hook, 2009). States that take more responsibility for care work tend to create more part-time jobs in feminized industries with low pay (Mandel and Shalev, 2009; Robson et al., 1999), factors which increase women's employment, but which increase the gender pay gap (Misra et al., 2007; Pettit and Hook, 2009). Furthermore, if state defamilialization programs are selectively used by women with lower stocks of human capital who would otherwise remain out of the labor force, then defamilialization programs may exacerbate occupational segregation and wage inequality (Mandel and Shalev, 2009).

The implementation of welfare reform in 1996 illustrates how state policies affect opportunity structures in the labor market. Many conservative states (mostly in the South) funneled federal money to the private sector in the form of tax credits and subsidies to employers that hired and trained welfare recipients. The more liberal states however, expanded their bureaucracies and used block grant funds to increase the supply of child care (e.g., by licensing, subsidizing and regulating in-home providers), and provide health insurance coverage to children in low-income families (for overviews of welfare reform policies, see Grogger and Karoly, 2005; Mead, 2004). Although reform efforts were designed to reduce poverty, one byproduct of an active and progressive state is to create more jobs for women (albeit in feminized care work industries), some of which were professional and managerial jobs inside and outside of government charged with providing for the general welfare of the population and alleviating conflict between work and family responsibilities. But, only Ryu (2010) has examined how this affects the gender gap in pay, finding that the size of the public sector (as a measure of active and interventionist government) had a weak and inconsistent (depending on model specification) negative effect on the gender pay gap. Clearly, more study of how gender inequality varies across state political contexts is needed.

2. Hypotheses

The review above suggests two contradictory hypotheses for predicting the effect of female supervisors on the gender gap in pay across political contexts. One scenario suggests that in more liberal states with a larger and more active government, not only do more women occupy legislative roles (Paxton and Hughes, 2007), but employers are held accountable for their personnel practices, enabling more women to ascend to top leadership positions in firms (Beggs, 1995; Guthrie and Roth, 1999a,b). From their empowered positions in the public and private sectors, women leaders are more likely to support rules and laws that further attenuate gender inequality (Paxton and Hughes, 2007). This perspective views top female leaders in the public and private sectors as "change agents," whose example encourages all female superiors to reduce the gender gap in pay (Cohen and Huffman, 2007). Further, research on homophily and in-group preferences suggests that compared with male managers, women in power are motivated to mentor and reward their female subordinates and are more committed to gender equality (Eagly and Carli, 2003; Fagenson, 1993). Thus, one hypothesis is:

Hypothesis 1. Female supervisors are more empowered in liberal states and the gender gap in pay will be smaller among female subordinates reporting to a female supervisor.

Yet, social closure and queuing perspectives contend that male actors relegate women to the least-desirable jobs in the labor market (Kaufman, 2010; Tomaskovic-Devey, 1993). Since those in devalued jobs may disengage from their work, employers practice "bottom-up ascription" by tapping women to manage female-dominated workgroups. Doing so motivates subordinates to work hard and similarly aspire to advance in their jobs (Elliott and Smith, 2001; Smith, 2002;
Thus, in this scenario female managers lack the power to increase the pay of their already low-paid subordinates. Furthermore, these inequality-generating processes may be more prevalent in more liberal states, where government expands into feminized care work industries such as child care, education, and health care. As government partners with private providers and/or takes over these services, more low-level managerial positions are created to supervise more female subordinates in typically feminized and low-paying occupations (Esping-Andersen, 1990; Misra et al., 2007; Robson et al., 1999). Thus, in more liberal states more women may be in supervisory roles, but lack the power to affect the gender gap in pay (Mandel and Shalev, 2009). Thus, a second hypothesis is:

**Hypothesis 2.** Female supervisors are associated with an increased gender gap in pay, irrespective of the political context of the state of residence.

It is important to recognize that both hypotheses anticipate that more women will be in power in more liberal states. Thus, in more liberal states more women may be in supervisory roles, but lack the power to affect the gender gap in pay (Mandel and Shalev, 2009). Thus, a second hypothesis is:

**Hypothesis 2.** Female supervisors are associated with an increased gender gap in pay, irrespective of the political context of the state of residence.

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Mean</th>
<th>s.d.</th>
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<th>Max</th>
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<td>1.00</td>
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<td>Age</td>
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<td>12.09</td>
<td>17.98</td>
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<tr>
<td>Age squared</td>
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<td>1072.15</td>
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<td>Years of education</td>
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<td>2.81</td>
<td>9.00</td>
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<tr>
<td>Years worked for employer (log)</td>
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<td>1.00</td>
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<td>Works full-time</td>
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<td>Non-white</td>
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<td>Parent</td>
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<td>Single</td>
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<td>South</td>
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<td>Firm size</td>
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<td>3.36</td>
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<td>10.00</td>
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<td>1.24</td>
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<td>Executive/manager</td>
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<td>0.37</td>
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<td>Farming and mining</td>
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<td>transportation/utilities</td>
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<td>0.27</td>
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<td>Wholesale and retail trade</td>
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<td>0.38</td>
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<td>Finance, insurance, real estate</td>
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<td>0.24</td>
<td>0.00</td>
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<td>Business services</td>
<td>0.08</td>
<td>0.27</td>
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<td>1.00</td>
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<td>Personal services</td>
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<td>0.17</td>
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<td>Social services</td>
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<td>Public administration</td>
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<td>0.26</td>
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<td>1.00</td>
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<td><strong>State-level predictors</strong></td>
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<tr>
<td>% Of state legislators who are women</td>
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<td>7.93</td>
<td>7.90</td>
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<tr>
<td>Liberalism of state's elected politicians</td>
<td>45.50</td>
<td>24.10</td>
<td>7.00</td>
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<tr>
<td>% Of labor force employed in government</td>
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<td>3.61</td>
<td>11.06</td>
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<td>State liberalism index</td>
<td>0.03</td>
<td>0.60</td>
<td>-1.20</td>
<td>2.10</td>
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* Statistics calculated on N = 5268 persons, and N = 41 states.
3. Data, measures, and statistical model

3.1. Data

To test the hypotheses above, we created a unique data set that pairs individual-level data with measures of women’s empowerment in and the liberal leanings of the worker’s state of residence. The individual-level data used in this study are from the 1997 and 2002 National Study of the Changing Workforce (NSCW) surveys. The NSCW is a nationally representative survey of employed adults living in the U.S. (for further information on the design and implementation of the NSCW survey, see Bond et al., 2003). The 1997 and 2002 NSCW surveys are nearly identical in content (the 2008 NSCW omits measures relevant to this study) and were combined to ensure that sufficient numbers of workers resided in each state. The NSCW is unique among labor force surveys in that it identifies the sex of respondents’ supervisors. Wage and salary workers were included in the sample if they could identify “…one PARTICULAR person you think of as your immediate supervisor or manager – someone who is directly over you.” The analytic sample included 5268 workers distributed across 41 states. Table 1 shows descriptive statistics on the analytic measures.

3.2. Hourly wages

Respondents were asked to report their pay (including bonuses and overtime pay) per unit of time (i.e., per year, month, week, or hour) in the year of the survey, and the survey authors converted all responses to an hourly wage after accounting for hours worked. Wages in 1997 were inflated to 2002 dollars, and we took the natural logarithm of hourly wage to correct for its rightward skew. Of course, wages may be higher in states that are wealthier, have a higher cost of living or a more educated population, among other reasons (Mead, 2004; Ryu, 2010). Thus, we also calculated the respondent’s within-state wages as a percentile value, relative to those living in the same state. Whereas respondents of rich and poor states will have different absolute wages, if they have the same pay relative to other workers in their state their percentile wage scores will be similar. One in 10 respondents refused to divulge their earnings, and were assigned the gender-specific mean value on hourly and percentile wages; a binary measure was created to control for an imputed wage. Taking the anti-log of the values on the top line in Table 1 shows that the average wage in this sample is 15.33 an hour ($e^{7.3} = 15.33$) with minimum and maximum wages at five and 125 per hour, respectively; similarly, the average worker earns a wage at nearly the 49th percentile in his/her state of residence.

3.3. Gender of subordinates/supervisors

Respondents self-reported their own gender and that of their immediate supervisor, but provided no other information about their supervisor’s usual duties or span of authority (e.g., power to hire/fire/promote subordinates, make fiscal and strategic decisions affecting profitability). Thus, this measure combines lower level supervisors and top managers when examining the sex-of-supervisor effect on pay in the analysis below. Table 1 shows that 34% of workers have a female supervisor; overall, 54% of the sample is female. To test hypothesis 1 that women earn higher pay when they report to a female supervisor, we created an interaction term as the product of these two binary measures.

3.4. Controls

Wages are determined both by the traits of individuals seeking work (labor supply), and by the characteristics of workplaces in which they find work (labor demand). Taking the supply-side predictors first, wages rise with greater stocks of general- and firm-specific skills (Kaufman, 2010), the former tapped by the respondent’s age and years of completed education and the latter by years worked for the employer. Preliminary analyses showed that age had a curvilinear relationship with wage, necessitating the inclusion of age-squared in the wage attainment models; tenure’s relationship with wage was linear,
but tenure was logged to correct for its rightward skew. In addition to skill acquisition, we controlled for working full-time (working 40 or more hours in a typical week) and ascriptive factors that affect wages, including binary controls for being a minority (1 = Black, Hispanic, or other; 0 = non-Hispanic white), single, or a parent. Finally, the models included binary controls for sample year (1 = 2002 respondent; 0 = 1997 respondent), residence in the South (where wages and the cost-of-living are lower) and the above-mentioned control for imputing hourly wage.

On the demand side, larger firms tend to pay better than smaller firms and hire more women into management (Stainback and Tomaskovic-Devey, 2009; Tomaskovic-Devey, 1993), necessitating a control for firm size (measured on an ordinal scale, ranging from 1 = under 25 employees to 10 = 10,000 + employees). On the other hand, the bottom-up ascription argument (Elliott and Smith, 2001) posits that women are tapped to supervise female workgroups. To account for this process, the models controlled for sex-atypical workgroup, assessed by a six-point ordinal response to the question, “about what percentage of your coworkers are of your sex?” At the maximum response value on this measure, respondents are gender tokens in their workgroups. Finally, to account for differences in pay across occupations and industries, the analytic model will include a vector of six dummy variables controlling for occupation (reference category is professional), and a vector of eight dummy variables controlling for industry (manufacturing is the reference category).

3.5. State-level predictors

Of course, any number of factors could potentially affect the gender pay gap in a state, including rates of unionization, support for equal pay legislation, a higher minimum wage, etc. Yet, the number of level-2 predictors in a hierarchical model is necessarily limited by sample size, in this case 41 states (see the statistical model below). Research shows that across nations and U.S. states, reasonable proxies for support and passage of progressive legislation that benefits women are female representation in state legislative bodies (Paxton and Hughes, 2007; Pettit and Hook, 2009) and the ideology of the state’s elected leaders (Berry et al., 2010). Thus, we accessed data from the Center for American Women and Politics (2000) to obtain a measure of the share of female legislators in both chambers of statehouses in 2000. In addition, we used Berry et al.’s (2010) index measure of the state’s liberal ideology. Several sources were used to construct the index including, the voting records and partisan divide of state legislatures, the voting records of the state’s congressional delegation, the governor’s party affiliation, etc.; The index ranges from 0 (the most conservative state) to 100 (the most liberal state), and is measured as of 2000. Finally, the literature review above suggested that the size of the public sector affects women’s empowerment and pay; thus, public employees as a percentage of the labor force was calculated from the 2000 U.S. Census. As Table 1 shows slightly more than a fifth of the average state’s legislature is comprised of women, and government accounts for slightly more than a sixth of the average state’s employment (additionally, the average state is near the middle of the scale on the political ideology of its elected representatives). In a preliminary factor analysis, all three indicators loaded onto a single underlying factor (which explained 43% of the variation in the items) tapping the liberalism of a state. Thus, the three component measures were converted to standardized values and the state liberalism index was computed as the average z-score across the three component measures (alpha = .67). Table 1 (bottom) shows that the average of the index is near zero (.03), and states range on the liberalism index from 1.2 standard deviations below to 2.1 standard deviations above the mean.

3.6. Statistical model

Because our data consists of individuals residing within states, we estimate a two-level hierarchical linear model (Raudenbush and Bryk, 2002) of wages. The level-1 or individual-level ($n = 5268$ persons) equation for wages is:

$$Y_{ij} = \beta_0 + \beta_1(x_{female}) + \beta_2(x_{female supervisor}) + \beta_3(x_{female * female supervisor}) + \sum \beta_k X_{ij} + r_{ij}$$

(1)

where $Y_{ij}$ is the hourly wage (logged or in percentiles) for respondent $i$ in state $j$, and the final right-side term $r_{ij}$ is the level-1 error, assumed to be normally distributed with a mean of zero. The penultimate term in the equation, $X_{ij}$ is a vector of supply- and demand-side predictors of pay (shown in Table 1), and $\beta_k$ are the wage returns to these covariates. As the $X_{ij}$ covariates are centered on their state-specific means, the intercept ($\beta_0$) is the within-state wage for the average man reporting to male supervisor, $\beta_1$ is the within-state gender gap in pay, $\beta_2$ is the within-state wage effect of reporting to a female supervisor, and $\beta_3$ is an interaction capturing the within-state wage residual among women reporting to a female supervisor. These intercepts and slopes of interest are allowed to vary across the states, yielding the level-2 equations (or state-level; $n = 41$ states) below:

---

6 Results from the analytic models were substantively similar if the minority and parent binary variables were replaced by separate dummy variables for African American and Hispanic/other, and a continuous measure of number of children (top-coded at five), respectively.

7 The responses to this question were 1 = 100% of coworkers; 2 = 75–99%; 3 = 50–74%; 4 = 25–49%; 5 = Less than 25% but more than 0; 6 = 0%. In the 2002 survey the sex composition of coworkers was assessed separately from the race composition of coworkers, whereas the 1997 survey asked respondents to estimate the percent of coworkers who were like them “... in terms of sex, race, or ethnicity.” Because there are significantly more female–than minority-dominated jobs (Smith, 2002; Tomaskovic-Devey, 1993), we expect that the 1997 measure more likely taps the sex–than race-segregation of workgroups (and the binary measure for survey year controls for wording differences in this question).
Table 2
Selected coefficients from hierarchical linear regression of hourly wage on individual and state-level characteristics (N = 5268 workers; n = 41 states).a

<table>
<thead>
<tr>
<th></th>
<th>Log of hourly wage</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 3</td>
<td>Model 4</td>
</tr>
<tr>
<td>Intercept ($\beta_0$)</td>
<td>2.834</td>
<td>2.835</td>
<td>55.16</td>
<td>55.18</td>
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<tr>
<td>State liberalism</td>
<td>–</td>
<td>0.071</td>
<td>–</td>
<td>0.73</td>
</tr>
<tr>
<td>Female effect ($\beta_1$)</td>
<td>–0.201</td>
<td>–0.201</td>
<td>–10.52</td>
<td>–10.54</td>
</tr>
<tr>
<td>State liberalism</td>
<td>–</td>
<td>–0.014</td>
<td>–</td>
<td>0.86</td>
</tr>
<tr>
<td>Female supervisor effect ($\beta_2$)</td>
<td>–0.102</td>
<td>–0.106</td>
<td>–4.37</td>
<td>–4.21</td>
</tr>
<tr>
<td>State liberalism</td>
<td>–</td>
<td>–0.059</td>
<td>–</td>
<td>3.36</td>
</tr>
<tr>
<td>Female x female supervisor effect ($\beta_3$)</td>
<td>–0.014</td>
<td>–0.011</td>
<td>–0.46</td>
<td>–0.60</td>
</tr>
<tr>
<td>State liberalism</td>
<td>–</td>
<td>0.068</td>
<td>–</td>
<td>4.46</td>
</tr>
<tr>
<td>Variance components</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Intercept ($\beta_0$)</td>
<td>0.0131</td>
<td>0.0116</td>
<td>0.79</td>
<td>0.53</td>
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<tr>
<td>Female effect ($\beta_1$)</td>
<td>0.0020</td>
<td>0.0020</td>
<td>2.93</td>
<td>2.55</td>
</tr>
<tr>
<td>Female supervisor effect ($\beta_2$)</td>
<td>0.0092</td>
<td>0.0090</td>
<td>24.57</td>
<td>21.71</td>
</tr>
<tr>
<td>Female x female supervisor effect ($\beta_3$)</td>
<td>0.0034</td>
<td>0.0026</td>
<td>14.32</td>
<td>9.15</td>
</tr>
<tr>
<td>Level-1 $r$</td>
<td>0.2508</td>
<td>0.2508</td>
<td>493.60</td>
<td>493.60</td>
</tr>
</tbody>
</table>

\* The wage attainment models control for supply- and demand-side predictors of pay shown in Table 1.

\* $p < .05$ (2-tailed test).

where in Eqs. (2)-(5) the level-1 intercepts and wage residuals are predicted by the state's score on the liberalism index (with the appropriate $\gamma$ values denoting these effects); the final terms in Eqs. (2)-(5) are random error terms, assumed to be normally distributed with a mean of 0. In Eq. (6) we invoke the simplifying assumption that the wage effects of all other level-1 predictors are fixed at their grand means across the states. Support for hypothesis 1 would be found in a small effect of being female ($\beta_{3j}$), a positive effect of reporting to a female supervisor ($\beta_{2j}$), especially among women ($\beta_{3j}$), and these coefficients will increase in more liberal states. If hypothesis 2 is supported, then the effects of being female, reporting to a female supervisor, and their interaction will all be strongly negative, and either unaffected or exacerbated by the state liberalism scores.

4. Results

Table 2 presents results from the state-level regressions of the intercept and wage residuals on the state's liberalism index. We do not show the individual-level predictors of pay, as their effects were largely in accordance with expectations. Models 1 and 3 restrict the pay effects of the variables of interest to their fixed effects, whereas models 2 and 4 allow them to vary across states’ liberalism index scores. A slope effect in model 2 (model 4) can be approximately interpreted as the

8 Variables with significant effects on log wages also had significant effects on wage percentiles. Among the supply-side predictors, workers earned higher wages with higher stocks of general skills (acquired via educational attainment or via aging) and/or firm-specific skills (acquired by tenure with an employer), and when they worked full-time. Not surprising, minorities earned lower wages, as did Southerners, and 2002 survey respondents (relative to whites, non-Southerners, and 1997 survey respondents, respectively). Parents earned marginally higher wages than non-parents, and those with imputed pay earned higher wages than those with observed pay. Among the demand-side predictors, wages rose with firm size, whereas workgroup composition had no effect on wages (additional analyses showed that this was because two countervailing effects canceled each other out; i.e., pay declined for men who worked in increasingly male-dominated workgroups). Most of the occupation and industry dummies significantly affected pay. Compared with the reference group of professional workers, technical workers earned about the same pay, whereas those employed in the business and social services and the public sector earned about the same pay, whereas those employed in the trades and personal services earned more, and those in all other occupations earned less. Similarly compared with the reference category of those employed in manufacturing, those employed in business and social services and the public sector earned about the same pay, whereas those employed in the trades and personal services earned more, and those in employed in the remaining industries earned more.

9 Gender differences in employment across job, firm, and industry characteristics may reflect women’s choices about where to work (England, 2010; Hakim, 2002), or result from discriminatory employer actions that segregate women into the least desirable jobs/industries in the economy (Kaufman, 2010; Tomaskovic-Devey, 1993). If the latter is true, then controlling for demand-side predictors of pay may depresses the estimates of the pay effects of the variables of interest. Yet, a preliminary analysis showed that the slope effects of being female, reporting to a female superior, and their interaction, were similar in magnitude in models that included and omitted the demand-side predictors of pay.
proportional change in wages (increase in wage percentile score) given a standard deviation increase in the state's liberalism index score. The bottom of Table 2 shows the variances of the error terms in Eqs. (1)-(5) above.

Hypothesis 1 predicted that in more liberal states empowered female supervisors would be associated with a reduction in gender pay inequality, especially among female subordinates reporting to a female supervisor. The findings in Table 2 provide some qualified support for hypothesis 1. That is, in the equation predicting the constant ($\beta_0$), average wages increase by 7.1% as state liberalism increases by a standard deviation. It is also the case that the interaction term ($\beta_3$) capturing women subordinates who report to a female supervisor significantly increases with state liberalism. One may be tempted to interpret these results as suggesting that in more liberal states, more female supervisors act as “change agents” to ameliorate gender inequality in pay. Yet, the effect of state liberalism on average wages may simply be indicating that liberal states tend to be wealthier states where wages are higher (Mead, 2004; Ryu, 2010), because model 4 shows that state liberalism has no significant effect on the average percent value of relative wages. Moreover, the significant effect of state liberalism on the interaction term capturing the ameliorative effect on pay inequality when women report to female supervisors must be evaluated against the much larger negative effects on the other coefficients in the model.

Hypothesis 2 predicted that the gender gap in pay increases when reporting to a female supervisor irrespective of the political context of the state of residence. Table 2 also provides some qualified support for this hypothesis. That is, working for a female supervisor is associated with lower, not higher, wages, but this effect is exacerbated by state liberalism. That is, the average decrement in wages when working for a female supervisor (i.e., the intercepts predicting the $\beta_2$ slopes) is approximately 10% in logged wages or four percentile points. Further, wages decline by an additional six percent and more than three percentile points (models 2 and 4), respectively, when working for a female supervisor and state liberalism increases by a standard deviation. We interpret these effects as supportive of the argument that most female supervisors are placed over devalued and already low-paid workers, and that in more liberal states more female-typed and low-paying jobs are created in care work industries which further marginalizes female supervisors and their subordinates. Of course, how these processes affect gender inequality also depends upon the overall wage gap. Table 2 shows that across all states the average woman earns approximately 20% less than men in logged wages and has a lower relative wage by 10 percentile points (i.e., the intercepts predicting the $\beta_1$ slopes in models 1–4). Moreover, the size of the overall gender wage gap is similar across the states, in that the state’s liberalism index score has no significant effect on the size of the sex gap in pay.

Because the findings in Table 2 provide some support for both hypotheses, adjudicating between them may be fostered by examining how the wage gap varies by state liberalism and the gender of the supervisor and subordinate pair. To assess this we calculated predicted wages using model 2 for log wages and plotted the results against the state liberalism score (results were similar when plotting wage percentile values). When all individual predictors of pay are held constant at their centered means of 0, the average man who reports to a male supervisor while living in a state near the average on the liberalism score (i.e., state liberalism = 0) earns 2.835 logged dollars or $17.03 per hour (17.03 = e^{2.835})

If this same average man with a male supervisor lives in a state that is two standard deviation above zero on the liberalism index, he can expect to earn 2.977 (2.977 = 2.835 + 2 * .071) logged dollars or $19.64 per hour. By comparison, the average woman who reports to a male supervisor and lives in a state with a zero score (i.e., near the average) on the liberalism index earns 2.634 logged dollars (2.634 = 2.835 − .201), or $13.93 per hour; this same woman who lived in a state two standard deviations above average on the liberalism index would earn 2.749 logged dollars (2.749 = 2.835 + 2 * .071 − .201 + [2 * −.014]), or $15.69 per hour. In our calculations, we varied the state liberalism two standard deviations above and below the mean, and we used the $\beta_2$ and $\beta_3$ slope effects to estimate pay when men and women report to a female supervisor. Fig. 1 shows the results these estimations.

Two conclusions emerge from an inspection of Fig. 1. First, all workers can expect to earn higher wages as they live in more liberal states. Three of the four wage lines slope sharply upward as one’s state of residence increases in liberalism,
and even men who report to a female supervisor see their wages rise from $14.95 to $15.69 per hour as their state varies from two standard below to two standard deviations above the average liberalism score. However, because so few men report to a female superior (see note five), it is possible that these men are unique in some way not captured by the controls shown in Table 1, and their wages hardly grow across the political contexts of states. But, overall the fact that wages rise sharply with state liberalism for three of the four subordinate–superior dyads is consistent with other research showing that progressive states are wealthier states where wages are higher (Mead, 2004; Ryu, 2010).

Second, working for a female supervisor is associated with lower pay for men and women alike. Comparing within gender groups, workers earn lower wages when they work for female as opposed to male supervisors. Further, whereas Table 2 showed there was a significant ameliorative effect on pay when women lived in more liberal states and worked for a female supervisor ($\beta_{11} = .068, p < .05$), Fig. 1 shows this significant effect is substantively unimportant. That is, in states two standard deviations below the liberalism index, women who work for a male supervisor earn $12.42 an hour compared with women who earn $10.86 per hour when they report to female supervisor, or a difference of $1.56 an hour. When women live in states two standard deviations above average on the liberalism index and report to male and female supervisors they can expect to earn $15.63 and $14.14 an hour, respectively, or a difference of $1.49 per hour, which is nearly the same size as the wage gap in the least liberal states. Furthermore, if we compare the two largest dyads, men working for male superiors and women reporting to female superiors, Fig. 1 shows clearly that having a female boss increases the gender gap in pay irrespective of the liberalism of the state of residence. Overall, the plots in Fig. 1 provide more support for the second than the first hypothesis, that reporting to a female supervisor increases the gender gap in pay.

4.1. Accounting for selection bias

One factor potentially biasing the results above is that more liberal states pursue policies that include more women in the labor market, but at the expense of creating greater inequality in the labor market. Some studies document this in the cross-national literature, in which a progressive welfare state creates more female-type jobs involving care work, enticing women with fewer skills and greater family responsibilities into employment, albeit in part-time and female-typed jobs that pay lower wages. The effect of welfare state policies is to create an inclusion-inequality tradeoff, in which more women are employed but the wage gap is higher (Pettit and Hook, 2009; Mandel and Shaley, 2009). To account for selection effects, analysts will often examine how state structure and policies affect women’s employment status and then add a probability-of-employment covariate into wage attainment models. We were unable to implement this approach to control for selection bias, as all respondents were employed at the time of the survey. Rather, in our wage attainment models, we control for education (as a measure of skills) and the gender composition of the workgroup (as measure of the sex-type of the respondent’s job). In addition, we conducted additional analyses after restricting the sample to full-time workers (i.e., those working more than 39 hours per week) to remove any marginalized workers with weak job attachment from the sample. The results were substantively similar to those shown in Table 2. That is, wages rise with state liberalism, workers generally earn less when reporting to a female supervisor, and the ameliorative effect on inequality among women who report to a female supervisor and live in a more liberal state is statistically significant, but substantively small. When the predicted wages for full-time workers were plotted against state liberalism and compared with those shown in Fig. 1, the lines moved up the y-axis slightly (because a sample of exclusively full-time workers earn higher wages than a sample that includes part-time workers) but retained the basic pattern shown in Fig. 1. That is, women who report to a female supervisor converge slightly on the wages of women who have a male supervisor as state liberalism increases, but women in general lag behind men who report to a male supervisor at all levels of state liberalism and the pay gap is largest when comparing the two modal dyads – men with male supervisors versus women reporting to female supervisors. These results confirm that wages are higher in more liberal states, but state contexts do little to combat the persistent gender gap in pay, nor do state contexts alter the basic pattern of everyone earning lower wages when they report to a female supervisor.10

5. Summary and discussion

It is widely believed that having more women in power will curtail gender inequality among those employed below them. Some prior studies found no support for this proposition, whereas others found that in the proper context, managerial women can provide material benefits to subordinates. After nearly four decades of managerial integration, we still do not have conclusive evidence that powerful women ameliorate gender inequality.

To address this issue, we used a representative sample of the U.S. labor force to examine the direct sex–of-supervisor effect on subordinates’ pay, and how this association varied across state political contexts. We tested two competing hypotheses: (1) In more liberal states more powerful supervisory women act to reduce the gender gap in pay among their female subordinates, and (2) female superiors are largely placed over devalued and already low-paid (and largely, female) work-

10 In addition, we tried to account for selection policies in the original sample that included full- as well as part-time workers by adding the female labor force participation rate to the level-2 models. The effect of state liberalism on the first four parameters of the level-1 equation were substantively similar, and the plot of predicted wages against state liberalism substantially resembled those shown in Fig. 1.
groups, a strategy that is more or less universal across states. Our findings provided some support for hypothesis 1, but were much stronger in support of hypothesis 2.

In support of hypothesis 1, we found that women who reported to a female supervisor earned higher pay, and that this effect was amplified when women lived in liberal states. We argued that in more liberal states with larger public sectors, government oversight to ensure equality empowered more women who then reduced the gender gap in pay. In this respect our findings are consistent with studies showing that more women in powerful management positions lowers job segregation (Stainback and Kwon, 2012) and the gender wage gap (Cohen and Huffman, 2007). We do not doubt that when women control a firm’s fiscal and human resources, they can implement changes and policies that reduce gender inequality among subordinates. We contend that too few women occupy positions of real power, a phenomenon that scholars and the lay public alike refer to as the “glass ceiling.” Indeed, in the studies we reviewed above, most found that fewer than one in 15 top managers were women.11

Rather, the experience of most women in power is that they are accountable for the work performance of their subordinates, but lack to power to affect their careers (Kanter, 1977). Prior research suggests that the growth of women in low- and mid-level supervisory positions is a way for firms to accommodate political demands for equality without threatening the higher status of men (Jacobs, 1992). And, by placing women over devalued and already low-paid (and largely female) subordinates, firms implement a strategy of “bottom-up ascription” whereby the presence of a woman in power is used as a symbol to motivate subordinates to work hard for the company and similarly aspire to upward mobility. Our results were consistent with these propositions (hypothesis 2) in that women earned less than men, everyone earned less when they reported to a female supervisor, and these inequality-generating effects dwarfed the slight ameliorative effect on the gender pay gap when women worked for a female boss and lived in a liberal state. Furthermore, the size of the gender pay gap was invariant across political contexts, suggesting its stubbornness and persistence as a barrier to achieving gender parity in the labor market.

Our results suggest that it is not necessarily whether women in power reduce gender inequality, but how and in what contexts do female leaders ameliorate gender inequality among subordinates. Top female managers may indeed have the power to hire, fire, reward and promote subordinates in ways that reduce inequality, whereas female supervisors may only be able to set work schedules, count absences, conduct performance reviews, etc., and otherwise lack the power to alter the pay of their subordinates. Since a primary limitation of our study was its inability to distinguish powerful managers from powerless supervisors, further research should strive to identify which organizational actors are making which specific decisions that impact on patterns of intra-organizational gender inequality. Linking inequality within workgroups as a function of supervisor’s sex and degree of organizational power would require gathering individual data across firms (and across political climates), a difficult but necessary task if we are to better understand how and in what contexts female leadership ameliorates gender inequality.

We also think it is important that data collection span time as well as firms. Our theoretical perspective was dynamic but our cross-sectional data could not examine change over time. Gathering longitudinal data could not only account for potential selection of women into lower-paying female-dominated jobs (Hakim, 2002) that likely have a female supervisor, but also allow for an examination of the importance of early mentorship on later career outcomes. If female bosses are inclined to mentor and support their female subordinates this would be most evident early in their careers as subordinates develop skills sets and accomplish visible tasks that facilitate upward mobility. The effects of the incidence, timing, and duration of reporting to a female supervisor on career trajectories should be a high priority for future studies.

Despite these limitations this study is the first to provide evidence from a national sample that directly reporting to a female supervisor exacerbates, rather than reduces, gender wage inequality. Our main finding is provocative, suggesting that one cannot assume that the fortunes of minorities are dramatically improved when one of their own ascends to a management position. As women and minorities increasingly hold leadership positions in other social institutions (politics, education, the church, media, etc.), scholars will have more opportunities to investigate the question we have raised in this paper: do leaders support constituents who are demographically similar, or are they constrained to act in ways that reproduce social inequality? Answering this fundamental sociological question is important for assessing progress toward eliminating ascriptive inequality in modern society.

Acknowledgment

We thank Chahanna Johnson for her research assistance.

References


11 For example, Cardoso and Winter-Ember (2010) reported that only three percent of firms in their sample were “female-led,” Penner et al. (2013) reported that only five percent of the general managers of retail grocery stores were women, and Stainback and Kwon (2012) found that women were only six percent of those holding titles (e.g., general manager, vice president) that suggested they wielded power within firms. Hultin and Szulkin (2003) reported that women were a combined 1 in 12 of those in power, but they did not show how many of these were top managers versus supervisors.


