

**Ticket To Ride: The Price Women Have to Pay to Join the Top Managerial Community.  
An Empirical Investigation of the Italian Context.**

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## **Introduction**

There is significant empirical evidence on gender relevance in career development (Blum et al. 1994, Ohlott et al. 1994). Women typically have to face difficulties in accessing higher-level positions within organizations (Davidson and Cooper, 1992, Morrison et al., 1992; Kanter, 1977) and usually have access to less rewarded jobs (Sorensen, 1989; Blau and Kahn, 2000).

Career problems are often intertwined with differences in pay. Many studies have assessed and provided explanations for differences in wages between men and women (Garcia et al. 2001). However, most of these studies are conducted in the USA, and only a few of them in European countries, and particularly few in Italy, where the labour market presents some specificities that are in many aspects contradictory. On the one hand, Italian legislation is in fact particularly favourable to women (in terms of protection of the maternity period, work-life balance and so on). On the other hand, female participation to the labour force is still lower than in many other European countries, while vertical segregation and the gender pay gap still remain relevant issues (Eurostat, 2005).

In the first part of our paper we review the main streams of contributions that analyze gender issues in career development and therefore negatively influence the pay gap between men and women. Then we focus on those papers that point out distortions in the evaluation process. A first kind of evaluation bias is the one pertaining to performance evaluation. According to theories related to this approach (Hamilton e Gifford, 1976; Martocchio, Whitener, 1992; Weiner, 1974) women undergo discrimination in the performance appraisal stage as a consequence of prejudice. A second kind of evaluation bias that the literature highlights resides within the job grading process (Weiner, 1991; Grams and Schwab, 1985). According to these theories, jobs that are usually held by female workers are systematically underestimated when attributing the grade that represents the basis for calculating the fixed part of the salary. In our opinion, a third kind of distortion contributing to the gender pay gap takes place: a bias systematically occurring in the compensation policy when deciding the fixed part of the salary, even in the presence of similar job worth. In other words, we sustain that, when occupying a similar position in terms of grading, women are systematically less paid than their male co-workers. This discrimination occurs because of the existence of an illegitimacy discount that women have to pay, in terms of a reduced salary, in order to see their position acknowledged. Such a price originates from the fact that traditionally women

have been excluded from the most relevant positions within organizations. We test our model with the analysis of more than 250 medium and large firms in Italy. We then reach the conclusion that such a phenomenon takes place, showing that having a successful career is a matter of belonging to the right community and that not belonging to the right community implies some form of penalty.

### **Theoretical framework**

Various theories in the social sciences have addressed the problem of explaining the differences in treatment between women and men, while also taking into consideration the pay gap question .

These theories can be divided into two main groups: one set of theories explains the gap as the consequence of difficulties women have in their careers due to different social roles between women and men, while the other set of theories explains the gap as the consequence of prejudice and evaluation biases.

#### *Pay gap as a segregation and career question*

One of the first streams of theories is the one related to the so-called *Social Reproduction Model* (Picchio, 1991). According to this theory differences between women and men in the work environment are due to the fact that women have historically been excluded from the participation in public life, having been relegated to the management of private affairs (Coole, 1993).

This social construct still seems to shape the role of women in our society; the problem that women still have to face in participating in the work world is that it is still conditioned by the traditional division of social roles which legitimizes men as the principal bread-winner and women as the care-giver of the domestic and family sphere. *"Despite changes in recent years the functioning of a good number of organizations today is still founded on a model of the division of work which sees men deeply involved in the public dimension, while the management of tasks and of family responsibilities is left to the women"* (Luciano, 1993, p. 97).

Moreover, the gender asymmetries in families are testified to by numerous studies which point out how the male contribution in terms of domestic work increases only by a very modest measure when the woman of the household is involved in paid work (Reyneri, 1996).

A fact which is surely positive, and that marks the evolution of the female role, regards the greater participation of women in the job market; participation which expresses itself at all levels and in all sectors; and to which the higher level of education obtained by women has also contributed. The role of worker, of professional and of manager has therefore added itself to the role of wife and mother. The true new phenomenon in this century, therefore, is not so much the participation of women in the work world, but the participation of women who are married and mothers (Addis, 1997).

The combination of these factors leads to the conceptualization of a new model of female normality according to which it is assumed that a woman's experience is formed around two principal poles: one of work and the other of the family. Work, understood as a transitory experience while waiting to assume the reproductive role, has become a fundamental part of the female identity (Bombelli, 2002).

Based on this renewed identity, women move around in the job market looking for organizational contexts closer to their demands: the matter of the conciliation between private life and professional life becomes a fundamental need, such that many women seem to ignore some professional areas which are seen to be very "demanding" from the point of view of time devotion, in order to direct themselves towards those sectors that consent a more flexible management of one's own time. It is women for example who make greater use of flexible forms of work (part-time/atypical schedules). Women's choices seem to therefore direct themselves mainly towards paths that offer fewer opportunities in terms of professional development. An obvious paradox therefore remains (despite the evolution of the female role): greater investment in training, low organizational value of the chosen profession, low compensation and career progression.

The double role is considered today to be one of the major contributors to occupational segregation, horizontal as well as vertical. Women use their own competencies and titles not to maximize their income and career, but instead to gain access to jobs which facilitate the conciliation between family and work (European Community, 2006). Organizations, however, award an elevated and unconditional time availability and a continued presence at the office during the day as well as during the entire life cycle (Bombelli, Cuomo, 2003).

Moving away from the clear points expressed in the social reproduction theory, the *Human Capital Theories* (Becker, 1957; Mincer and Polachek, 1974) suggest that the inequalities between genders in the work environment, among which that of the pay gap, stem from

economic logic: on the one hand the market looks for productivity and the maximum profit possible, on the other hand women are not in optimal conditions to correspond with these demands because of their obligations and above all because of their investments in family life. In general, this approach sustains that productivity is directly proportional to the competencies acquired and that men tend to be more productive than women because, not having to manage the double role, they have a greater possibility of investing in the construction of their own professional capital.

A clear empirical truth regarding female participation in the job market is that this participation is still highly conditioned by a woman's age. On the one hand, there is a very low level of participation in the job market by women over fifty, for whom "*the model of a full-time housewife uniquely devoted to family responsibilities has had a great impact on the strategies of adult life*" (Saraceno, 1998 p. 73). On the other hand, many younger women tend to abandon their jobs with the birth of their first child. It should be noted, in this regard, how there is now a general tendency towards the postponing of women's reproductive choices<sup>1</sup>. The growing female presence in the job market therefore presents discontinuities linked to the theme of the conciliation and management of the double role: women are well-inserted into the job market with the exception of the 30 to 40 age bracket (which obviously relates to the responsibility of caring for small children) and the 50 plus age bracket.

Another set of theories is the one related to the *Segmentation of the Labour Market* (Thurow, 1975). It is held that the origin of observed salary differentials is tied to the existence of segmentation in the job market: men and women often occupy different positions and sectors and the different role occupied justifies part of the remunerative differential.

The segmentation structures itself in "rigid" divisions of roles and of sectors of activity that gradually take on a mainly male or mainly female connotation. Occupational segregation is therefore referred to when, other objective conditions being equal, such as level of education or seniority, the numerical presence of women in available occupations in a certain context is inferior to that of men or when, in the sphere of the same occupation, the male and female distribution is not uniform in different positions and roles.

On the basis of the effects produced this phenomenon separates itself into:

- *horizontal segregation*, which indicates a heterogeneous male and female distribution in

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<sup>1</sup> The tendency of Italian women to postpone their reproductive choices continues: in 2003, the average age of the mother at the time of birth of the first child reached the threshold of 30.4 years of age, demonstrating a continual rise since the 80's (in 1980 the average age was 27.5 years), (ISTAT, 2005).

various sectors of activity and business functions and manifests itself in the sphere of entry. Women therefore get hired mainly in sectors in which the work is traditionally considered less important and therefore lower compensated (Sorensen, 1989; Blau and Kahn, 2000).

On this subject Walsh e James (2001) maintain: *“The areas in which women are most highly represented are those traditionally deemed as “feminine” activities, extensions of women’s domestic and caring roles. The link between paid and unpaid activity enables the argument that this work comes naturally to women, is unskilled and therefore perceived as not deserving of high rates of pay”*. (p. 96)

Most empirical studies estimate the wage penalty for occupational segregation to be 10-17 percent of the wage gap (Figart, Lapidus, 1998).

- *vertical segregation*, which indicates a heterogeneous male and female distribution within the organizational hierarchy, by which women are generally less present in managerial roles. This segregation has been defined in literature as "the glass ceiling" (Davidson and Cooper, 1992, Morrison et al., 1992; Kanter, 1977) in order to indicate the experience in which women, more so than men, tend to run into barriers that, like a glass ceiling, invisible to the eye but hard and consistent to the touch, impede their access to more elevated levels of the organizational hierarchy, compromising their career expectations. The studies conducted on the glass ceiling as a whole point out the fact that, if men often reach the more elevated steps of the organizational hierarchy even in the sphere of occupations which are predominantly female, women tend typically to stay at lower levels (in male-intensive as well as in female-intensive contexts women on average have a probability seven times inferior in respect to their male colleagues of moving up in the hierarchy). This line of research (Segal and Zellner, 1992; Farley, 1993) takes into consideration the ambiguity of a double tendency that marks the career paths of women: on the one hand numbers indicate that women in the last few decades have obtained steadily amplified access to positions of responsibility and managerial tasks; on the other hand the available figures document the fact that at the top of every organizational hierarchy and in top management positions the female presence remains trivial. In other terms, in not one country do women succeed in being represented in top positions in a manner proportional to their presence in managerial levels of middle management. Research reveals how the exclusion of women from top positions has repercussions on their degree of compensation and therefore affects the pay gap.

Another set of theories explain gender paygap as the result of the biases that occur in the performance evaluation process, the so-called *Theory on Performace Appraisal Distortions* (Hamilton e Gifford, 1976; Martocchio, Whitener, 1992; Weiner, 1974). Women are less payed because there are systematic biases in their performance appraisals: they are evaluated less than men, because of their sex. (Cash, Gillen, Burns, Steven, 1977).

The analysis of the pay gap shows, in fact, that it is not only a problem of vertical segregation, seeing as how the remunerative differential increases the higher the held position is "*the professions that have the most marked gap are those that have an upper middle-class income; among dependent workers male managers have a salary equal to or more than one and a half times that of women with equal qualifications*" (Centra, 2003). Therefore, in the progression of her career a woman undergoes an amplification of salary differentials.

Some theories justify the existence of this kind of wage gap by focusing on the process of performance appraisal. According to these theories the amplification of salary differentials in accordance with the growth of the level of the held position is explained in part by the existence of incentive mechanisms in the compensation system: "*Individual appraisal and payment systems are becoming more evident and have been shown to have contradictory effects on women. On the one hand, entrenched prejudices can be overturned and women can be assessed and rewarded for their individual merits. On the other hand, discretionary elements may be reintroduced into previously formal pay structures that could allow gender stereotyped imagery and evaluation to come into play* (Rubery, 2002; p. 110). Furthermore, given the low external valuation of women's labour and the fact that women are typically constrained geographically, the amount of compensation necessary to retain female employees is likely to be smaller than for male workers" (Bruegel, 2000, p. 219).

#### *The pay gap as a job evaluation question*

As previously stated, the gender pay gap is caused by women's difficulties in career development, due to both horizontal and vertical segregation, as well as to women's difficulty in managing to balance their work with investments in family life. Moreover, other studies have proved the existence of discrimination against women in the reward system related to performance appraisal systems.

Considering all these possible sources of discrimination the job evaluation system – a scientific and rational method used to determine fixed compensation - seems to open the door to equal pay by gender.

The key attribute of job evaluation is paying ‘the rate for the job’ rather than for the person in the job (Madigan and Hills, 1988), ensuring an objective evaluation considering only the job worth and not any personal attributes that can bias the process (such as gender).

Historically, job evaluation has been an integral aspect of compensation systems. Paying a job what it is worth makes rational sense; it ensures internal equity in setting the wage rate. Unfortunately, a great number of theories prove that there is still discrimination against women in the presence of a job evaluation system and, moreover, that the method itself could be a source of bias *per se* (Figart, 2001; van Sliedregt et al. 2001; Grams and Schwab, 1985; Weiner, 2001; Gupta and Jenkins, 1991). Job evaluations are done by people, and as a result, they are inherently subject to the humanity and subjectivity people bring to any task. Job evaluators have “implicit theories” on the importance of the job elements, and these implicit theories are made explicit during the job evaluation process (Gupta and Jenkins Jr., 2001).

The gender bias that was incorporated into the major job evaluation systems developed in North America and in Europe have been extensively documented by feminist researchers (Figart, 2000).

Figart (2001), in an exhaustive analysis of the rise and development of job evaluation, argues that equal pay was ultimately severely compromised because of the biases during the application of the job evaluation methods even if initially the method was sustained by the Women’s Bureau of the US Department of Labour, which fought for equal wage rates for women and men. In practice, the job evaluation systems developed by management consultant firms during the post war period reproduced gendered pay practices in new ways. Specifically, job evaluation systems were designed and administrated in ways that institutionalized unequal pay between predominantly male-dominated and predominantly female-dominated occupations (Figart, 2001).

Using Figart’s (2001) words “*The ‘five dollar day’ was not intended for working women*” (p. 422)

Grams and Schwab (1985) proved that job evaluation procedures are themselves a source of discrimination when systems administrators establish pay differentials among jobs held predominantly by women compared to those held predominately by men. Specifically they

prove that there are two possible sources of wage-gender discrimination: a) direct bias, when such jobs are under-valued relative to jobs in which men predominate as a function of gender composition *per se*; b) indirect bias, when judgement is influenced by current or market wages that are themselves biased against jobs in which women predominate.

According to Weiner (1991) gender bias results due to a variety of situations: factors in job evaluation are valued when they are found in male jobs but not in female ones; factors found in female jobs are ignored and job content is sometimes confused with stereotypes inherent to female attributes.

Finally Grams and Schwab (1985) obtain evidence suggesting that gender composition influences the job evaluation, as well as strong evidence that pay level (and especially the relative hierarchy of the position) influences job evaluation, i.e. the jobs that are paid more have a better job grade (not *vice versa*).

In summary, all this literature proves that there is a systematic bias against women in terms of wage definition. This literature also proves that job evaluation, which seemed historically to be the answer to the unequal pay problem, was not a proper solution, because of subjectivity in its application that reproduces the predominant wage social structure.

Considering this literature, we can assume that the pay gap in fixed salary is because men's jobs are paid more than women's jobs, *ceteris paribus*.

Considering fixed salary, we found no evidence about pay distribution among the same jobs: what happens when men and women occupy positions that are evaluated in a similar way?

### *The pay gap as an illegitimacy discount*

So far, we have described how women's lower wage level is determined by their role in the society, that makes them occupy less paid jobs, and by prejudices occurring in the performance evaluation and job grading processes. However, we argue that, even when these potential causes for the pay gap are taken into account, women still are penalized. In particular, we suggest that, also in presence of similarly graded jobs, and in absence of prejudices in the performance appraisal, the amount of money that is granted to women is still less than the one given to men, and this is particularly true for those positions that are higher in the hierarchy. This happens because women are still a minority among middle and top level managers (Eurostat, 2005). Therefore they still have to struggle to legitimize themselves in a

“community” that is still dominated by men. We argue that, similarly to what is described in theories explaining discrimination against minorities that refer to the social identity perspective (Reynolds et al. 2003), people favour individuals belonging to their in-group and show biases against people basing on their demographic characteristics, including gender. Such effect is contingent on the size of the groups: the higher the difference in size, the higher the effects of the discrimination (Chattopadhyay et al. 2004). In this case, we are not referring to a social community like a work team or a business unit, where such ideas have traditionally been tested (see, for example, Joshi et al 2006). We are referring, instead, to a broader “community” that spans different companies and that is as wide as the Italian top managerial community. Of course, this setting is quite different from the “communities” where the social identity theory has been tested, and one may argue that this is not even a community as not all members know each other or work together. However, we believe that women still struggle to join this “élite” as they have to pay an “illegitimacy discount” in terms of pay gap before being admitted, according to the mechanisms we describe below.

The sociological theory presented by Ezra Zuckerman (1999), which conceptualizes the idea of “illegitimacy discount” developed and tested in reference to the functioning of mediated stock markets. This theory shows illegitimacy discount is the result of a wider social process and not as simply being linked in a prejudicial manner to a presupposition of discrimination. Such a process takes place in two phases: categorization and comparison in which two categories of actors form, the candidates and the audience.

In the first stage the candidates compete to seek relations with the audience members that evaluate their role. However, evaluation requires the calibration of offers against one another. Offers that do not exhibit certain common characteristics may not be readily compared to others and are thus difficult to evaluate. Such offers stand outside the field of comparison and are ignored “as so many oranges in a competition among apples” (Zuckerman, 1999, p. 1402). For this reason these offers have to pay a cost for their illegitimacy. The second stage is about differentiation. Each player tries to promote its offer over the offers advanced by its peers in order to legitimate itself within a legitimated category.

In our opinion, a similar social phenomenon takes place in internal labour markets, where social processes could produce penalties in women’s fixed compensation, as their job worth could be seen as illegitimate, evaluated according to an imperative category: the male one. From this perspective, women occupying certain positions typically hold by men deviate from

the accepted category and are for this reason penalized. Based on this, we assume that if a position is held by a woman it is usually lower paid than it would be if it were held by a man. Our thesis relies on the assumption that the internal labour market of a company presents those structural characteristics that Zuckerman (1999) indicates as fundamental for the emergence of an illegitimacy discount in the mediated stock markets.

The internal labour market can be compared to the mediated financial labour market by considering some main features that are fundamental conditions of the illegitimacy discount theory.

First of all, the internal labour market presents the key features which cause the social process leading to illegitimacy discount:

- products that have to be evaluated: graded jobs, that have to be paid
- a set of categories: employees' gender
- a class of critics: the HR experts who define the compensation policy and use their discretion within a pre-defined area.
- an audience: the line managers, that ultimately decide about investments related to their employees.

The second characteristic that makes internal labour markets sensitive to the presence of an illegitimacy discount is the complex evaluation of the "product". Even in the presence of an accepted, objective indicator like the job grade, when deciding on monetary rewards and career advancement the overall evaluation of the "product" is not simply limited to the mere job evaluation but inevitably takes into account different aspects related to the person that occupies that position at that particular moment. In practice, HR managers in charge of deciding the compensation policy can exercise their discretion within a certain range, given the grade of the position. It is therefore our belief that in the absence of other objective measures, personal characteristics are determinant. In this context, women's job worth receives a penalty for not being included in the legitimized category.

Third, illegitimacy discount is possible if there is an audience confronting focal actors that compete for the favour of their audience. This characteristic is confirmed as well in the internal labour market, where there is competition between workers subject to evaluation processes on which their careers and their compensation depend.

Based on this we formulate our main hypothesis :

*When occupying similar positions in terms of job grade, women receive a lower fixed salary than men. Such gap increases as we consider jobs with higher grades.*

## **Methods**

Our analysis is based on 65.534 records related to 235 medium and large-sized Italian companies; 27,4% of the people in our sample were women. This figure is slightly different from the composition of the overall Italian workforce, where women account for 39% (Istat, facts relative to the second semester of 2005). Data have been compiled in collaboration with Hay group Italy and relate to 2006. They include information about gender, age, fixed and variable pay, industry, job category and job grade. This last variable, in particular, is an indicator, developed by the HR consultants, that attributes a grade to each job position analyzed. This grade is related to the level of complexity, accountability and competencies required to execute a job. Such a grade is an attribute of the position, but also takes into consideration the characteristics that people acting in that position should present (mainly his/her technical and managerial skills). The job grade is therefore a summarizing measure that firms utilize in order to have a basis on which to define their compensation policy.

In order to test our hypothesis we ran a regression analysis using the job grade as an independent variable and the base salary as a dependent variable. Using the base salary helps us to control for performance, as the base salary is not related to different levels of performance that could explain eventual differences in salary between men and women. Moreover, we use the job as an independent variable as it includes both information on the nature on the job and, indirectly, on the nature of the person that should occupy that job. We also controlled for the age and organizational tenure, as they are not captured by the Hay grade and still could have an influence on performance. We calculated two different coefficients for the male and female sub-sample, checking for the significance of the difference through the Chow test, as described in Greene (1999). We argue that, given the nature of our dependent and independent variables described above, any difference in the coefficients of this regression should be attributable to the “illegitimacy discount” that women undergo. Consistently, we expect such difference in the coefficients should be higher as long as we move up in the hierarchy, where the presence of women is usually reduced.

## Results

First of all we quantified the presence of women in the different levels of the hierarchy. In Italy there are three main categories of contracts: 1) employees (“impiegati”) that are those contracts that refer to more operating level jobs; 2) executives (“dirigenti”) that refer to those jobs at the executive level; 3) cadres (“quadri”), an intermediate level including those jobs that are characterized by both operating and some coordinating responsibilities.

As we can see from table 1, the presence of women is smaller as long as we move from employees to cadres to executive: only 4,5% of women in our sample reach the top managerial positions, compared to 13,8% of men. Considering that women are only 27% of the workforce in our sample, we see how men are predominant (the “dominant category” in our model) at the top of organizational hierarchy.

Table 1: Presence of women in the different layers of the hierarchy

	<b>Men</b>	<b>Women</b>
<i>Executives</i>	13,80%	4,50%
<i>Cadres</i>	37,30%	29%
<i>Employees</i>	48,90%	66,50%
<b>Total</b>	<b>100%</b>	<b>100%</b>

We then ran a first regression model on the total sample in order to test our main hypothesis. As shown in table 2, there is a significant difference in the value of the coefficient between men and women. In model 3 we can see that the coefficient for men is 106, 21, meaning that for each point in the Hay grade men earn 106, 21 euro. The coefficient for women is 68,71 (the coefficient for men plus the coefficient of the dummy variable “puntisexdummy” that is a dummy variable that for men is set equal to zero).

Table 2: Hierarchical regression on the overall sample

Model	Adj. R square	Variable	Unstandardized Coeff.	Std. Error	t	Sig.
			B			
1	.598	(Constant)	-2012,175	200,310	-10,045	0,0000
		Punti	107,026	0,420	254,616	0,0000
2	.629	(Constant)	-21839,995	384,884	-56,744	0,0000
		Hay points	101,324	0,416	243,825	0,0000
		Age	524,251	8,855	59,205	0,0000
		Tenure (job)	-6,760	2,554	-2,646	0,0081
3	.637	(Constant)	-24720,124	416,805	-59,309	0,0000
		Hay points	106,621	0,446	239,211	0,0000
		Age	534,188	8,922	59,875	0,0000
		Tenure (job)	-6,445	2,524	-2,554	0,0107
		Sexdummy	15111,808	493,470	30,624	0,0000
		Pointsexdummy	-37,912	1,163	-32,588	0,0000
a		Dependent Variable:	Base			

In order to verify our hypothesis more accurately, we replicated the same analysis within each of the three categories. Our results, shown in table 3 show that at the employee level, for each single Hay point in the grade, women receive 19.581 euros, while men only 15.122. Therefore, we can see a discrepancy in favour of women (whose coefficient is higher about +30%). In the case of the intermediate level (cadres), the coefficient for men is 35.411 while the one for women is 33.517, showing therefore a slightly better treatment form men (coefficient for male is about +5.5%). Finally, among the executives, we see that the discrimination in favour of men is higher as coefficient for men is 127.341 while the one related to women is 107.96, which is about 15% less.

Table 3: Comparison of the regression coefficient within categories

	Men	Women	Women/Men
<b>Employees</b>	15.122	19.581	129,49%
<b>Cadres</b>	35.411	33.517	94,65%
<b>Executives</b>	127.341	107960,00	84,78%

This model shows how, even in the presence of an objective measure like the job grade, when firms try to anchor their compensation policies to this objective measure, a bias against women exists. We therefore confirm our hypothesis and find evidence for our theoretical perspective. We also note how this discrimination increases as we move up the scale in terms of job complexity. That is, discrimination is greater in top positions, positions of greater complexity and responsibilities where women are less represented.

This is consistent with our theory. Female presence is lower in top positions (Eurostat, 2005). Positions covered by women are therefore difficult to categorize, and this fosters the illegitimacy discount. In lower job categories, where the number of women is similar to the number of men, the difference in the wage gap is lower.

## Discussion

Our data show how the illegitimacy discount theory, although applied and tested with specific reference to the stock market, adopts a point of analysis particularly useful for better understanding the topic of pay gap. The author, in fact, focuses on the analysis of the consequences of the illegitimacy, rather than on the more traditional, neo-institutionalist approach of processes that lead to institutional conformity. This theory, for that reason, if applied to the labour market, offers an analysis of the origin of the pay gap, interpretable precisely as the “price” women pay for not conforming to a categorical imperative, and offers useful explanations on its origins.

Moreover, the interpretation is indeed consistent as well with some of the preliminary results of the analysis of the data presented.

First of all, the pay gap revealed is greater in higher levels of the organization and this explains itself with the lower diffusion of women in these organizational roles which therefore causes greater legitimization and categorization problems for the evaluators.

At the entry level, however, this remunerative difference linked to gender is not found, also because of the greater presence of women in entrance roles.

This is then also consistent with the tendency towards a progressive reduction of the pay gap on a general level, which can be read precisely as the result of a progressive categorization of women's performance.

Our results extend to the system-level some ideas that have been applied to this topic at the work team or unit level (Joshi et al, 2007), extending the generalizability of this framework. Moreover, our study sheds light on the process that takes place considering the different roles involved in the organizations (executives, line managers, HR specialists and so on).

Our findings are also consistent with other theoretical perspectives and constructs, such as sensemaking theory (Weick, 1995); communities of practice (Wenger, 1998), and the career communities approach (Parker, Arthur, Inkson, 2004). Moreover, all these theoretical perspectives, integrated with the illegitimacy discount theory, enable us to better comprehend the origins and the dynamics of the pay gap.

Weick's conceptions of sensemaking and enactment are consistent with the illegitimacy discount double-social process. In fact, both these approaches recognize the importance of collective – social – actions in shaping interpretations and in creating constraints and opportunities that people face. The pay gap, from this perspective, can be viewed as the result of a collective social process that constrains evaluation and involves the establishment of evaluation categories in the social context.

According to Weick's perspective, the social dimension is the locus in which legitimate categorization takes place. This brings us towards the relevance of the collective dimension in shaping perceptions and behaviours among social communities, such as organizations and markets. In this sense, there are some relevant studies on the role of the community in the construction of work identity and career development. A prominent example of intersubjectivity work understanding is that of the "occupation of practice" (Wenger, 1998), in which members grow and learn through participation and shared practices thanks to a very strict social cohesion.

Strictly related to the community of practice there is another "community" concept that is also relevant in our paygap analysis: the "career community" (Parker et al, 2004) . Career communities are co-constructed in an ongoing process and they produce support for their members' careers. They "serve as meeting grounds for the overlapping knowing-way,

knowing-how, and knowing-whom investments of their members" (Parker et al. 2004, p.494). In our opinion, the presence of an illegitimacy discount in the internal labour market - namely the pay gap - could be described as the result of women's difficulty to join a career community in the same effective way in which men participate, because of their scarce legitimacy. This preliminary proposition, which has to be tested with further analysis and research, is also consistent with the empirical results on differences in network-related behaviour between men and women (Forret et al. 2004). According to their results, in fact, gender moderates the relationship between involvement in networking behaviour and objective career outcomes, such that these relationships are stronger for men than for women. This, according to the illegitimacy discount perspective and community career theory, is because women are not recognized in the dominant categories and for this reason they do not get taken into consideration, even when they network-behave like men.

This is consistent with the illegitimacy discount theory, which highlights the fact that critics are surely influenced by network actions used by workers, but that such actions have greater efficiency in the case in which the workers using them belong to a legitimized category (Zuckerman, 1999).

Finally, the application of this theory to the internal labour market suggests the possibility of a mismatch between the self-perceived position of a worker in a network and his/her actual position due to an external social attribution process.

### **Political and Managerial Implications**

Our paper confirms without a doubt the existence of discrimination towards the female gender in terms of fixed and variable compensation and proposes an explanation for this discrimination using the sociological theory of illegitimacy discount. The application of this theoretical perspective helps us to better understand and explain the social origins of the discrimination. From the application of this theory to the pay gap phenomenon it furthermore makes possible an attempt to draw some general indications that can be useful in order to prevent and obviate these dynamics.

In particular it is possible in this area to try to develop some indications for policy makers, in order to help them manage this phenomenon. In particular, in this area the whole question of "protection" for minorities is referred to, a subject which in Italy is presently highly discussed, for example, the opportunity of the so-called "pink quota" or compulsive measures of support

for women in the market. In this light, the indications that emerge from the illegitimacy discount theory are quite clear and unambiguous. Organizations and institutions (ex. Unions, the Ministry for Equal Opportunities) in support of the categorization of the female model are of help only when their actions do not highlight the diversity of the category, in terms of defensive and protective measures, because this would do nothing but confirm the non-conformity of the model in respect to the homogeneous category in which women must fully enter. Institutions have to help the critics interpret the performance of women as legitimate. It is then the candidates (or the women) who have to highlight their differences from within a category to which they belong in a legitimate manner. This diversity, in the suite of legitimization, is then interpretable in a logic of greater value and not at a cost to the difference.

A further implication regards the opportunity to support women, whether it be at the level of social institutions or at the level of organizational procedures in the area of HR policies, in paths of individual development; if it's true that belonging to a category carries a penalty, it is also true that sometimes it is women themselves who "score on their own net". Too often women play a role in the category that highlights their own belonging to that category. We refer to those female incompetencies which are the result of aspects more psychological and individual than sociological and organizational. Where does that gap begin, the gap in self-esteem and assuredness which often leads the female side of the workforce to hide itself, to not demonstrate with efficiency and in a conscious way its own talents? Why don't women, even with the assurance of belonging to a category of candidates, dare to ask? ( Babcock L. , Laschever S, 2005).

From this point of view a path of self-reflection on the relative female incompetencies that lead women to imprison themselves within a category of belonging could facilitate a subjective path of development, enriching at the same time the organization with a new point of view. It is women themselves who must understand what's going on, becoming conscious of the fact that the phenomenon regards not only "themselves", but crosses the entire female universe. A deep aversion exists in considering and feeling oneself to be different, especially if this diversity is received as the result of a relative incompetency. It is therefore also possible, following a personal route that leads to overcoming the interior obstacles of the female career (Bombelli, 2002), to overcome the borders of the social categories of belonging and the representations tied to them.

### **Limitations and future research**

The indications we found from our data are consistent with our theoretical framework. However, more insight could have been gained if we had the possibility to investigate the relation between job grade and pay gap controlling for performance. In other words, we could better investigate such discrimination if we were able to determine whether that discrimination against job positions held by women could be justified by their systematic lower job performance or not. Moreover, an interesting point to investigate would be whether this discrimination occurs in multinational companies as well as in domestic ones, in order to verify if this discrimination is influenced by corporate culture or not. Finally, analyzing illegitimacy discount while controlling for the industry to which a firm belongs could help us understand how a collective industry contract could help in reducing pay discrimination by introducing some limitations on the discretion of HR compensation policy makers.

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