

Working time flexibility, personality traits and gender pay gaps

Why does it happen that women are paid less than men, even when they do the same jobs and have the same level of education attained? The gender pay gap and reasons for its existence are one of the pressing issues in modern economics. Although many scientists have tackled this problem, only recently the attention has been paid to working time flexibility (WTF) hypothesis as an aspect potentially explaining gender pay gap. By working time flexibility we mean both flexibility of working hours' choice offered by employer to employee and employee's availability. The newest research on gender pay gaps suggests that observable differences in women's and men's wages (adjusted for the differences in individual characteristics) do not come solely from different pay schemes – which reflect the discrimination against women – but they are largely caused by the differences in gender working time flexibility. Moreover, recent research suggest also that with the growing importance of cognitive skills and personality traits for labour market outcomes gender differences in their role may be reflected in gender wage differentials. The aim of our project is to comprehensively analyse these suggestions.

By presenting a multifaceted approach to the role of working time flexibility and personality traits in explaining the wage gap between men and women, we will examine three specific hypotheses. First, we will examine whether or not workplace requirement of workers availability in terms of working time, prevalent in foreign owned firms, drives adjusted gender wage gaps up. We will differentiate between working time flexibility offered by worker (i.e. being at employer's disposal) and offered by employer (i.e. offering the possibility to work part-time). Second, we will broaden the current methodological approaches by constructing a new estimator of adjusted gender wage gap. Existing estimators treat employee-level, firm-level, sector-level and region-level variables equally. We will, however, take into account multi-level sources of variance in wages by applying multi-level modelling. Thus, we will also verify the hypothesis that estimators that do not take into account the multi-level patterns of gender wage gaps tend to overestimate the prevalence of gender wage inequality after adjusting for individual worker characteristics. And third, we will verify whether returns to cognitive skills due to personality traits act differently for men and women and if so, then how they affect gender wage gaps.

To sum up, the result of our project will be an innovative, methodologically reliable and multifaceted study of the sources of wage inequalities between women and men – an urgent issue both from a research perspective and from a political point of view. Understanding the linkage between gender wage gap and workplace flexibility is of paramount importance, considering ongoing discussions about the labour market flexibility and the consequences of the increasing popularity of non-standard (flexible) employment. Moreover, investigating gender dimension of the level of use of cognitive skills at work because of personality traits will further add to the discussion. The inclusion of firm-level dimension in our analyses will help to understand how firm-level anti-discriminatory legislation may help to address the issue of gender wage inequality and employment gaps.