Doing business internationally increases the gender pay gap

Dr Esther Bøler
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Companies that do business across multiple time zones have a greater gap in pay between men and women than companies that don't

The gender wage gap persists across the globe, even if the latest news from the UK Office for National Statistics is uplifting. The most commonly cited reasons include differences in working hours, life-time labour-force experience, occupational choices, college majors, and fewer women receiving promotions to higher level (and therefore higher paying) positions.

While the glass ceiling, the salaries for the types of jobs men and women typically hold, and differences in hours worked are all significant contributors to the gender wage gap, there are less obvious factors that also play a part. Whether or not a business works across multiple time zones is one.

My recently published research, undertaken alongside my colleagues Beata Javorcik from the University of Oxford and Karen Helene Ulltveit-Moe from the University of Oslo, examines differences in the gender wage gap between companies that do business with international partners, and those that don't.

Women are perceived as being more family orientated than men, and are subsequently less reliable and less committed to their job

Our research specifically looked at the manufacturing sector in Norway, a country with a large amount of information available regarding a person's pay, and a relatively narrow gender wage gap. Norway's high ranking in terms of labour market efficiency by the World Economic Forum also makes it an excellent research candidate.

Our research ultimately found that, among college graduates, exporting firms have about a three percentage point larger gender wage gap than non-exporters. While women tend to earn a greater income at a business that operates across borders, they are ultimately being undervalued in comparison to their male colleagues.

Never out of the office

We can attribute this greater gender wage gap to the demands of the modern, international workplace and the challenges that go with working across time zones. Employees doing business internationally have far greater demands made of their time: a manager might need to take a telephone call at two am from a client in Australia, fly to their US partner's office at a moment's notice, or work weekends in order to overcome a customs delay for an important delivery.

The less time zone overlap a company has with the destination of its exports, the greater the gender wage gap

Technology has also increased the pressure on an employee's schedule: laptops, smartphones and tablets have transformed anywhere with a power plug and an internet connection into a remote office, and employees are expected to make full use of these tools to respond to issues immediately.

In a globally competitive market, this has all made employee flexibility extremely valuable to companies doing business with global partners.

This accelerated pace of work and the increased value placed on being flexible has ultimately meant that if someone is inflexible, or is perceived as such, they lose out in terms of wages. Employer surveys frequently report women are perceived as being more family orientated than men, and are subsequently less reliable and less committed to their job. While this perception may or may not be correct, it is having a very real effect on women's earnings.

The gender wage gap surfaces in unexpected and complex ways

For non-exporters, being available around the clock is far less important. Workers might have to work late or early on occasion, but if the majority of their business is conducted locally, their business partners are operating on the same schedule they are. Flexibility is far less valuable, and subsequently women are penalised less at these types of companies.

Time and tide wait for no woman

We have confirmed this by breaking down the salary data in several different ways.

Our research found that working across multiple time zones has a greater effect on the gender wage gap for people aged under 45. Women in this age group are more likely to have young children, potentially limiting their ability to work flexibly.

The gender wage gap is also affected by the number of time zones a company operates across. The less time zone overlap a company has with the destination of its exports, the greater the gender wage gap. As the percentage of a company's output that it exports increases, so does the gender wage gap. The gap is also larger at companies that export to a greater number of markets, and also at companies that export a greater variety of products.

Exporting firms have about a three percentage point larger gender wage gap than non-exporters

Ultimately, all these results can be explained by export companies valuing the flexibility needed to do business across multiple time zones, and those companies placing less trust in women's ability to do this type of work.

The gender wage gap surfaces in unexpected and complex ways, and closing the gap should not completely come down to broad measures to address inequality – in particular across whole sectors or industries. Companies will have to take a careful look at their particular operations in order to address their own specific inequalities.