



# Rethinking Gender Pay Inequity in a More Transparent World.

Mita Goldar, Christopher Ryan,  
and Ahu Yildirmaz

## Executive Summary

The ADP Research Institute® (ADP RI) conducted a study of gender pay inequity to determine the relative contributions of recruiting, base pay, and incentive pay to an overall gender pay disparity across the U.S. workforce. The study took an anonymous sample of men and women — newly hired into exempt salaried positions, in the 3rd Quarter of 2010 — and tracked their base pay, incentive pay, and average total income through December 2016. The study examined disparities in base pay and incentive pay between genders both at time of hire and after six years of tenure within the same organization.

Some of the most significant findings are:

1. A larger proportion of women begin their career at a lower wage compared to men.
2. An explicit disparity exists in incentive pay between male and female employees at moment of hire. For employees with bonus, females start with base salary gap of 82%, which deteriorates to 81% because of the disparity in incentive pay which is where the gap is 69%.
3. Younger women fared the worst in incentive pay with a bonus to base ratio of 79% that of male counterpart which widened the gap in total earnings.
4. The total earnings gap for women between ages 40-50 widened compared to base salary at the lower and higher end of the income spectrum because of the wider gap in bonus to base ratio — 74% and 82% correspondingly.
5. Gap in incentive pay in favor of women in the Information industry at 107% helped to improve the gap in total earnings at 89% from gap in starting base salary at 87%.
6. Considering all exempt employees who received bonuses during the six years under study, the differences in average annual base, bonus, and total earnings between genders are all statistically significant and also across industries.
7. The average bonus amount for women was less than two-thirds of the amount paid to men who had equivalent base pay, age, and tenure. This incentive pay disparity was observed across all age, salary, and industry groups from the moment of hire and persisted throughout the six-year study window.

The authors of the study suggest that lower incentive pay may create a hidden bias against the promotion of qualified women versus their more highly compensated male peers, because the promotion might reveal a substantial disparity in total compensation occurring over a period of several years. In other words, lower negotiated incentive pay at time of hire may become a limiting factor that prevents career advancement years down the road.