

Middle Managers in Banking: An Investigation of Gender Differences in Behavior, Demographics, and Productivity

Linda R. Martin*
University of Hartford

Sandra Morgan
University of Hartford

This study investigates gender differences in demographic, job productivity, and behavioral factors for 106 bank middle managers. The results indicate that men and women display significant differences with respect to age, marital status, education, experience, number of positions and promotions, length of time in each position, and restrictions on employment such as lack of job mobility because of spousal employment. Only minimal differences are attributed to behavioral factors related to career advancement. While average job levels and salaries are equal for men and women, gender appears to play a significant role in wage determination when controlling for differences in productivity and behavioral characteristics.

INTRODUCTION

The persistence of the gender wage gap has been well-documented and widely discussed in both the academic literature and the popular media. Despite equal pay legislation and the increasing number of women in managerial positions, proportionately more women still are found at lower job and pay levels (Blau and Ferber, 1986). This paper examines the question of a gender wage gap in banking, concentrating on the characteristics of male and female middle managers in banking that may account for job and pay level differences between genders.

Banking is of particular interest because it is a classic example of an industry in which lower and middle level positions are dominated numerically by women while few top management positions are filled by women. EEOC (1990) statistics indicate that 83.7 percent of bank employees are women. While Buckwalter (1983) finds 45.6 percent of bank managers and officials to be female, only 4 percent of senior bank executives are women. Even though women have been reported to experience a glass ceiling in many organizations (Morrison, *et al.* 1987), one might presume that they would have more opportunities to move through middle management to top level jobs in female-dominated industries.

This study investigates whether women at the middle management level in banking are different from men with respect to demographics, job productivity, and behavioral factors, dimensions that influence career progress. An analysis of various factors affecting career advancement reveals differences with respect to a number of demographic measures

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such as age and marital status, productivity factors such as experience, education, and number of promotions, and behavioral factors such as attribution of success. Although male and female managers appear to have achieved parity in salaries, gender plays a significant role in salary determination when controlling for differences in productivity and behavioral factors.

SALARIES AND JOB LEVELS

THEORIES AND IMPLICATIONS

Researchers in several disciplines have explored the relationship between productivity, behavioral factors, and the gender wage gap. Human capital studies have shown that gender earnings differences can be explained at least in part by weaker attachment to the labor force, lower productivity, and less investment in education on the part of women (Mincer and Polachek, 1974). A variety of research studies on women in banking supports the human capital model. Qualitative studies imply that the observed imbalance in wages is primarily a result of differences in education, professional commitment, and executive training (Buckwalter, 1983; Feldman, 1983; and Bryant, 1980). Shea (1988), however, finds that the banking industry imposes higher educational standards for women. Women are required to have more education to attain the same job level as their male counterparts.

Another factor that may contribute to lower earnings within the same occupation is unequal rates of promotion between genders. Recent empirical studies indicate that while the returns to promotions are equal for men and women (women receive the same salary for equal promotions), women seem to be held to higher promotion standards and receive less on-the-job training than men (Olson and Becker, 1983; Gronau, 1982; and Cannings, 1988b). In a comparison study of employees in a large and a small bank, White and Althausser (1984) find that promotions for men enable them to improve their skill levels by providing a variety of work experience, but that women's job shifts are primarily lateral or upward clerical moves. Similarly, Stewart and Gudykunst (1982) report that women's promotions may be of less magnitude than men's promotions. They find that men and women who reach similar levels in organizations differ in the number of promotions they receive; women are promoted more often.

Characteristics of the employing firm also may influence wage rates. For example, Ferber, Green, and Spaeth (1986) observe that women's earnings are higher relative to men's earnings at larger firms. They explain this phenomenon on the basis of the more active enforcement of equal opportunity laws in larger firms. Therefore, the wage gap between male and female workers at larger firms is expected to be less than the gap between similarly employed workers in small firms.

Research in the behavioral sciences presents other possible factors influencing wage inequality. Factors such as attitudes, aspiration, and career advancement tactics are components of job behaviors that have been found to influence promotions and salary levels. Larwood and Kaplan (1980) suggest that one reason for slow advancement by women in banking is their lack of conformity to normative behaviors required for promotion. In an empirical study of 80 women branch bank officers, they find that only two career advancement tactics predict income: learning from male models and giving top priority to the job. Larwood and Kaplan's findings indicate that women's ideas about the required

behaviors for career advancement differ from those of males and can account for subsequent wage differentials.

Another study, which surveyed readers of the *Harvard Business Review*, finds that men and women differ in their explanation of the earnings gap; women tend to attribute the gap to biases in organizational selection and compensation while men tend to view it as resulting from women choosing lower-paying jobs and dead-end positions (Rosen, Rynes, and Mahoney, 1983). This finding suggests that if women choose to follow similar career paths as men and aspire to the same job levels, wages should equalize.

Organizational behavior experts also focus on attribution theory as an explanation for differential promotion rates and the wage gap. Attribution theory proposes that individuals believe success is caused by variables such as ability, effort, task difficulty, and luck (Weiner, 1972). Morse's (1984) review concludes that a man's successful performance on a task often is attributed to his ability or skill, but a woman's identical performance is attributed to her effort or to luck. Moreover, attribution of success may influence job behavior. If one believes that effort increases promotability, then one will increase effort if one desires a promotion. On the other hand, if an employee feels that luck is the primary determinant of success, the employee is less likely to increase work effort and, therefore, may be less likely to receive promotions.

The importance of supplementing the standard human capital model with behavioral factors can be demonstrated by Filer's (1981 and 1983) and Raymond and Sesnowitz's (1988) findings. By incorporating cognitive measures, personality traits (e.g., activity levels, emotional stability, sociability, objectivity), personal relations skills, and value systems rankings into a standard human capital model, Filer is able to explain a greater portion of the gender earnings differential than that explained by the human capital model alone. Raymond and Sesnowitz add attitudinal measures (rankings of the importance of various aspects of employment) and find that the inclusion of these variables reduces the amount of estimated discrimination up to 26 percent. On the other hand, Cannings (1988a) finds that while behavioral variables are significant factors in determining earnings, the difference in the returns to human capital explains the majority of the gender gap in earnings.

This study extends the literature by focusing on the female-dominated banking industry. Because women occupy nearly 50 percent of middle management positions, one might expect to find greater equity in salaries than in other industries. To determine if gender equity in salaries exists between middle level male and female bankers, we identify and compare demographic characteristics, productivity variables, and behavioral factors that relate to salary. After reporting descriptive statistics, we estimate a reduced form human capital wage equation which is supplemented with behavioral factors to measure the separate effects of gender and these other factors.

THE SURVEY: DEMOGRAPHIC, PRODUCTIVITY, AND ATTITUDINAL MEASUREMENTS

In 1988 we distributed a career questionnaire to all participants who entered a two year management development program for savings bankers between 1986 and 1988.¹ The

¹ A copy of the questionnaire may be obtained from the authors.

program participants, nominated by their respective banks, were expected to move up in bank management during or following the program, which was provided by a savings bank trade association in New England.

Questionnaires were mailed to 170 persons (38 men and 132 women).² The response rate is 62 percent, with 61 percent of the females and 66 percent of the males returning questionnaires. There are 106 returns (25 males, 81 females). The response rate from the most recent class is the largest (1986—39 percent, 1987—63 percent, 1988—79 percent). While the response rate differs by class, the composition of the respondent groups is similar with respect to salary, position level, and age. (T-tests performed on the means between each group show no significant differences.) Furthermore, comparison of the sample group with the entire population of bankers attending the program provides no evidence of sample bias in relation to position level, college education, and years of experience. The average total assets of the banks employing the sampled bankers is equivalent to the average assets of all banks sending participants to the program. The employing banks have greater average assets (\$450 million), however, than the average savings bank in Connecticut (\$218 million).

While the sample is drawn from employees of savings banks in Connecticut, the results may be generalized to commercial banks. Although a regional phenomenon, savings banks have become similar in functions to commercial banks since the regulatory changes in 1984 and 1988 that allowed complete parity in products and services offered.³ The lending activity of savings banks has changed from an exclusive focus on mortgage lending to an expanded focus that includes credit cards and commercial loans.

The sample represents managers who are seen by their employers (and who perceive themselves to be) up-and-coming. Serious economic pressures on New England banks in recent years (a poor real estate environment coupled with recession conditions, as well as continuing pressures induced by deregulation) have produced and are likely to continue to produce a significant thinning of middle management ranks. Therefore, this study may provide insights into the managerial population of the future by focusing on managers likely to be survivors of downsizing and mergers.

Salary data for the middle managers are reported in Table 1. The survey requested that the respondents check one of eight possible salary ranges from under \$20,000 to over \$40,000. We use the midpoint value as the annual salary.⁴ We define total salary as the sum of annual salary plus extra compensation (e.g., bonuses, commissions). The hourly wage is computed by taking total salary and dividing by self-reported average hours

² The proportion of women in the banking program (77.6 percent) appears to be similar to the gender composition of all savings bank managers. While statistics on middle management jobs by gender are not collected by the Banks' Association of Connecticut or by other state and federal agencies, in the opinion of several vice presidents of the Banks' Association, approximately 75 percent of middle managers are women.

³ Connecticut is the only state where the combined assets of savings banks are larger than those of commercial banks. Commercial banks in general tend to be polarized—they are the largest and the smallest, with savings banks in Connecticut filling the ranks of mid-sized banks.

⁴ In calculating the mid-point for the open-ended intervals, a value equivalent to the adjacent closed-ended interval is selected. This procedure is based on information available from bank personnel and incorporates the best attainable information (Ben-Horim and Levy, 1984, p. 83).

Table 1—Mean Value of Salary Measures

	(1) Annual Salary	(2) Extra Compensation	(3) Total Salary	(4) Hourly Wage ¹
Female	\$28,816	\$1,615	\$29,425	\$14.10
Male	28,700	1,552	30,252	14.23

¹ Hourly wage is computed by dividing column (3) by self-reported hours worked times 50

worked per week multiplied by 50. All the surveyed bank employees worked full-time. We observe no significant differences in hours worked per week between genders (the average work week was 44 hours for both genders). Using t-tests, we find no significant gender differences on the various measures of salary. These statistics do not tell the whole story, however; when controlling for demographic, productivity, and behavioral factors, we discover significant gender wage differences.

DEMOGRAPHIC FACTORS

Table 2 presents descriptive statistics on the demographic factors surveyed. Because fewer than five participants in the program were non-white, we do not use control variables for ethnicity. As shown in the table, there are significant gender differences in age, number of children living with the respondent, and marital status. The women are older, more likely to be married, and have significantly more children living at home. There is no difference in age at initial hiring into the financial services industry.

PRODUCTIVITY MEASURES

Human capital theory suggests that the earnings of men and women may differ because women invest less in those factors that serve to increase productivity. The respondents were asked to supply information on several human capital factors that may affect productivity, some of which are standard in human capital studies while others are unique to the banking labor market. The standard measures are education in years, college major, number of continuing education courses taken, current position level, years working in the industry (financial services), length of time in current position, being out of the labor force for any length of time, and the number of restrictions placed on employment, such as spousal geographical location and child-care responsibilities. Based on Olson and Becker's (1983) findings that broader experience lead to more frequent promotions and salary increases, we also select variables that are viewed as specifically enhancing productivity in banking, such as number of promotions, number of different positions held, and number of functional areas in which the bankers worked. We assume that skills required in most banking jobs can be learned within a short period of time; thus, length of time in each position is expected to be related inversely to productivity.

Table 3 provides descriptive statistics on the direct and indirect measures of productivity. Levels of education vary considerably. The women in the sample are significantly less likely to have a college degree. Of the bankers who do have a college degree, men are more apt to have majored in a business field (67 percent of male and 37 percent

Table 2—Demographic Factors

Factors	Total Sample (n=107)	Female (n=82)	Male (n=25)
Age (mean years)*	33.6	34.5	30.8
Age at Beginning of Banking Career (mean years)	24.2	24.0	24.8
Marital Status (percent)**			
Married***	60.6%	65.6%	48.0%
Single**	22.1	16.4	40.0
Divorced	15.4	17.7	8.0
Other	2.0	1.0	4.0
Number of Children Living with Respondent*	0.5	0.6	0.2

* Significant gender difference at 1 percent level using a t-test on means

** Significant gender difference at 5 percent level using either a χ^2 -test or z-test on proportions

*** Significant gender difference at 10 percent level using either a t-test on means or z-test on proportions

Table 3—Productivity Measures

Factors	Total Sample (n=107)	Female (n=82)	Male (n=25)
Years of School (mean)*	14.1	13.7	15.4
Education (percent)*			
High School*	41.1%	51.8%	8.0%
Some College	14.0	12.3	20.0
College Degree*	40.2	33.3	60.0
Education beyond College**	4.7	2.5	12.0
Number of Continuing Education Courses ¹ (mean)**	1.8	2.0	1.2
Position Level ² (mean)	5.4	5.4	5.2
Length of time in Financial Services (mean years)*	9.4	10.5	6.0
Tenure on the Job (mean years)	1.8	1.8	1.5
Number of Positions (mean)*	4.2	4.6	2.8
Length of Time in Each Position (mean years)	2.7	2.7	2.6
Number of Different Functional Areas ³ (mean)	1.3	1.3	1.5
Number of Promotions (mean)*	2.6	2.9	1.6
Percent With at Least One Period out of the Labor Force	26.4%	29.6%	16.0%
Number of Restrictions on Employment (mean)**	0.9	1.0	0.5

* Significant gender difference at 1 percent level using either a z, t, or χ^2 test.

** Significant gender difference at 5 percent level using either a z, t, or χ^2 test.

¹Academic or practical training of three or more months duration are counted as courses

²Position levels are assigned according to reported job titles. Titles are grouped into levels of responsibility based on discussion with bank personnel officers. The following assigns a typical job title to each position level: (1) clerk; (2) teller; (3) administrative assistant; (4) assistant manager; (5) department manager; (6) branch manager; (7) assistant vice-president; (8) regional officer; and (9) president

³Based on discussion with banking personnel, three functional areas of banking occupations are determined: (1) operations; (2) customer service; and (3) lending and sales

of female college graduates were business majors). While almost all of the respondents have been involved in some bank-related continuing education programs or training sessions, the women have attended significantly more courses.

The mean current job level is nearly identical for male and female bankers; average level for males is 5.2 and 5.4 for females. A typical level 5 job would be department manager. (See note 2, Table 3 for a complete definition of job levels.) Their career histo-

ries appear to be different, however. In order to achieve their current management levels, women work an average of 10.5 years in financial services while men average 6.0 years. While women enter banking at similar position levels to men (average entry level for women is 2.3, the teller category, and 3.2 for men, the administrative assistant category), the female bankers have held an average of 4.6 jobs compared to 2.8 jobs for the male bankers. Males report an average of 1.6 promotions while women have received 2.9.⁵ Men and women are similar in the length of time spent in each position and in the number of different functional areas in which they have worked, e.g., operations, customer service, and lending.

The bankers also were asked if they had experienced any significant time away from the labor force. While 29 percent of the females responded affirmatively and only 16 percent of the males had a similar experience, the difference was not statistically significant. Significantly more women than men reported that they had restrictions on employment; the most common reason given by both women and men is the lack of job mobility because of spousal employment. During their tenure in banking, women became more involved in continuing education, received more promotions, and held more positions. Given that men and women start their banking careers at the same age, the women are older than the men among employees who now hold similar positions and salaries.

While differences in productivity measures exist between the men and women, the differences seem to substitute for one another. Employees without college educations enter banking at significantly lower levels, but salary parity exists for bankers with or without a college degree (Table 4). Bankers without college degrees have more work experience and a greater number of promotions. Although women are less likely to have a college degree, they appear to have achieved parity in salary with men because they have more years of experience in banking and more promotions.

BEHAVIORAL FACTORS

The survey also collected data on three aspects of job behavior presumably contributing to career advancement: aspiration, attribution, and career advancement tactics. We measure aspiration for advancement directly by the response to a question requesting desired position level at the height of the individual's career. While the average desired position level is higher for men, the difference between genders is not statistically significant (Table 5).

We base attribution on a ranking of how important the respondent feel good luck and effort are to advancement. The values range from 1, which indicates most important, to 4, which represents least important. As shown in Table 5, both women and men feel that hard work is more important than luck for career success, yet women place significantly less emphasis on luck. This fact contradicts the findings reported by Morse (1984) and indicates that, for the women of this sample, attribution of success more closely corresponds to that usually associated with males.

⁵ A potential difficulty arises with the measurement of promotions. The bankers were asked if a job change was the result of a promotion. A positive response is recorded as one promotion. Promotions may differ by degree, however, so that a banker with three promotions could have advanced as much as a person who has received only one promotion. Yet a sign test comparing the number of position level advances with the self-reported number of promotions for each banker shows no significant differences.

Table 4—Interaction of College, Job Level at Entry, Experience, Number of Promotions, and Salary

	Without College Degree	With College Degree	t-value
Years of Banking Experience (mean)	11.59	6.81	5.17*
Number of Promotions (mean)	3.05	2.04	3.59*
	n = 59	n = 47	
	Number of Bankers Without a College Degree	Number of Bankers With a College Degree	
Entry Levels ¹ (Typical Job Title)			
1 Clerk	11	2	
2 Teller	31	22	
3 Administrative Assistant	10	12	
4 Assistant Manager	2	3	
5 Department Manager	0	2	
6 Branch Manager	1	3	
7 Assistant Vice President	1	2	
8 Regional Officer	0	1	
	n = 56	n = 47	
	Pearson's $\chi^2 = 14.29899^{***}$		
	Number of Bankers Without a College Degree	Number of Bankers With a College Degree	
Salary Levels			
Under \$20,000	8	6	
\$20,000-\$22,499	5	6	
\$22,500-\$24,999	10	9	
\$25,000-\$27,499	7	4	
\$27,500-\$29,999	9	4	
\$30,000-\$34,999	11	5	
\$35,000-\$39,999	4	6	
\$40,000 or more	3	6	
	n = 57	n = 47	
	Pearson's $\chi^2 = 7.322$		

* Significant at the 1 percent level

*** Significant at the 10 percent level

¹Position levels are assigned according to reported job titles. Titles are grouped into levels of responsibility based on discussion with bank personnel officers**Table 5—Aspiration Level and Attribution of Success**

	Female	Male
Aspiration (mean position level) ¹ at Height of Career	6.61	7.44
Attribution of Success (mean response) ²		
Work Hard	1.74	1.92
Luck***	3.33	3.04

*** Significant gender difference at the 10 percent level based on a χ^2 test of independence¹Position levels are assigned according to reported job titles. Titles are grouped into levels of responsibility based on discussion with bank personnel officers. The following assigns a typical job title to each position level: (1) clerk; (2) teller; (3) administrative assistant; (4) assistant manager; (5) department manager; (6) branch manager; (7) assistant vice-president; (8) regional officer; and (9) president

We operationalize career advancement tactics by asking the bankers to scale 35 factors as to the magnitude of perceived importance for their own promotions. The questions cover areas of skill, personal qualities, and attitudes about promotions. Only five question items demonstrate any gender difference and are reported in Table 6. These items are having a mentor, past positions, length of service to bank, desire to be promoted, and dependability. With the exception of length of service to bank, women place greater importance on each of these factors as a means of gaining promotions. A sixth factor, performance level, also is listed because both men and women rank it as most important in determining promotions. In summary, although the female and male subjects differ significantly on demographics and productivity factors, they show little difference in the three measures of behavior that potentially contribute to career advancement.

Table 6—Career Advancement Tactics (Average response to questions as to how important these factors are perceived to be for achieving promotion)

Question ¹	Female	Male
Your Performance Level	6.51	6.32
Your Dependability***	6.38	6.04
Your Desire to be Promoted****	5.79	5.36
Your Past Positions***	5.27	4.68
Your Length of Service to Bank****	4.05	4.68
Having a Mentor**	4.54	3.48

** Significant gender difference at 5 percent level using a t-test on the mean response

*** Significant gender difference at 10 percent level using a t-test on the mean response

**** Significant gender difference at 15 percent level using a t-test on the mean response

¹Based on a ranking from 1 for not at all important to 7 for very important

EXPLAINING SALARY DIFFERENCES

While we find average salaries to be similar by gender, insight into salary determination can be gained by studying the separate effects of promotions, productivity, and behavioral factors on salary. The specification of the regression equation follows the standard human capital format, augmented by behavioral factors (Cannings, 1988a):

$$(1) \ln WAGE = \beta_0 + \beta_1 \text{ GENDER} + \beta_2 \text{ NPRO} + \sum_{i=3}^R \beta_i X_i + \mu_w$$

where:

GENDER = A dummy variable having the value of 0 for males and 1 for females;

NPRO = Number of promotions; and

X_i = A set of variables including a number of productivity, behavioral, and institutional variables that influence wage determination in banking.

The productivity variables, which we assume to be related positively to salary, are years working in financial services,⁶ a dummy variable indicating whether or not the respondent had graduated from college (0 = no, 1 = yes),⁷ total number of continuing education courses taken, current position level, years spent in current position, and number of functional areas in which the banker works. Variables that we thought might affect salary inversely are years spent in each position, a dummy variable denoting if time has been taken out of the labor force (0 = no, 1 = yes), and number of restrictions placed on employment.⁸

The behavioral variables in X_i measure career advancement tactics and attribution. We operationalize these as performance, which is the individual's ranking of how important he or she felt performance is to being promoted, and luck, which is the ranking of how important luck is in their career (see Tables 5 and 6). We hypothesize that higher scores on performance will result in larger salaries. We also expect that greater importance placed on luck should correspond to lower salary. The addition of the behavioral factors is anticipated to increase significantly the explanatory power of the model.

An institutional factor was also included in X_i , size of bank assets.⁹ Asset value is used as an indication of bank size. We expect that salaries of women employed in larger banks should be relatively higher than those employed by smaller banks.

Because gender influences the number of promotions (Gronau, 1982; Stewart and Gudykunst, 1982; Olson and Becker, 1983; White and Althausen, 1984; and Cannings, 1988b), we specify NPRO using an adaptation of Cannings' (1988b) promotion model. The equation is expressed as:

$$(2) \text{ NPRO} = \alpha_0 + \alpha_1 \text{ GENDER} + \sum_{i=1}^m \alpha_i Y_i + \mu_p$$

where:

Y_i = A set of factors affecting promotions.

⁶ Many human capital studies incorporate an experience-squared term to account for possible diminishing returns to wages. When experience-squared is added to the regression, we find that experience-squared is highly collinear with the experience term, which results in insignificant coefficients for both terms. Collinearity may have resulted from the relative homogeneity of the sample. For example, 80 percent of the respondents have worked between four and twelve years in financial services. Therefore, experience-squared is not included in the reported equation.

⁷ The data collected on education include years spent in college, college major, and amount of graduate study. Because of the small sample size, however, only the most important factor (in terms of simple correlation with salary determination) is entered into the equation. This factor is the attainment of a college degree.

⁸ Number of positions held also may increase productivity and wages. The number of positions is highly collinear with the number of promotions and is excluded from the equation because measuring the effect of promotions is more important theoretically.

⁹ Banks are grouped into four categories based on the value of assets as reported in 1988: small (1) 0 to \$250 million; medium (2) \$251 to \$500 million; large (3) \$501 million to \$1 billion; and very large (4) over \$1 billion.

Following Cannings (1988b), factors thought to influence promotions (Y_i) are having a college degree, years worked in financial services, entry level (see Table 4), marital status (a dummy variable for whether a respondent is married, 0 = no, 1 = yes), number of children, and two behavioral factors, aspiration, which measures the position level aspired to at the height of one's career (Table 5), and desire, which indicates the individual's ranking of how important a demonstrated desire to be promoted is for receiving promotions (Table 6). All of these factors, with the possible exception of marital status and number of children which measure the effects of family responsibilities and whose effects may vary systematically between genders and bank size (Raymond and Sesnowitz, 1988; White and Althausen, 1984), are believed to be related positively to promotions.¹⁰ While women, on average, receive more promotions than men, we expect that the sign of α_1 will be negative after the effects of the Y_i variables are controlled.

Substituting equation (2) into equation (1) yields the following reduced form equation:

$$(3) \ln WAGE = (\beta_0 + \beta_2 \alpha_0) + (\beta_1 + \beta_2 \alpha_1) \text{ GENDER} + \beta_2 \sum_{i=2}^m \alpha_i Y_i \\ + \sum_{i=3}^n \beta_i X_i + (\mu_w + \beta_2 \mu_p).$$

The estimated equation is reported in Table 7. The overall explanatory power of the equation is significant (F-test) and no evidence of heteroscedasticity is observed (Breusch and Pagan λ).¹¹ The results suggest that male bankers earn significantly more than their female counterparts of equal credentials and attributes. The source of this discrepancy is difficult to isolate because the gender coefficient incorporates both the direct effect of gender on wages and the indirect effect of gender on promotions. Even within this group of workers whose average salaries are equivalent, however, gender does have an impact on salary determination.

There is a positive and significant relationship to wages from having a college degree, having a higher position level, working in a larger bank, and having more work experience. As expected, having a college degree and more experience influence wages because the coefficient of each of these variables combines a positive direct effect on wages and an indirect, but also positive, effect on promotions. Several factors that normally have a detrimental effect on earnings for women (such as being out of the labor force at least once, restrictions on employment, number of children, marital status, and years spent in each position) are not significant. Also, none of the behavioral factors is individually important in the equation. An F-test on the contribution of the behavioral factors indicates joint significance (at the 10 percent level).

¹⁰ Cannings (1988b) uses age at initial hiring as an independent variable. This variable is not entered into the promotion equation, however, because of multicollinearity with years working in financial services.

¹¹ Breusch and Pagan λ is calculated based on a regression of the model errors on Z_1 and Z_2 , where Z_1 and Z_2 are defined as interactive variables measuring the effect of gender and years of experience. The test follows the procedure outlined in Maddala (1992, p. 207).

Table 7—Regression Results for Wage Model

Independent Variable	Dependent Variable Ln Wage	
	Coefficient	Standard Error
Gender	-0.128**	0.061
Years of Experience	0.022*	0.006
College Degree	0.168*	0.054
Continuing Education	-0.008	0.012
Position Level	0.043*	0.014
Tenure on the Job	0.002	0.012
Number of Fields	-0.025	0.031
Years Spent in Each Position	-0.017	0.012
Out of the Labor Force	-0.086	0.054
Restrictions on Employment	0.008	0.029
Performance	0.006	0.032
Luck	0.046	0.034
Bank Assets	0.051**	0.022
Number of Children	0.014	0.030
Entry Level	0.007	0.020
Marital Status	0.025	0.048
Aspirations	-0.005	0.008
Desire for Promotions	0.021	0.024
Constant	1.905*	0.265
R ²	0.439	
F	3.789*	
Breusch and Pagan λ	0.868	
n	105	

* Significant at 1 percent level

** Significant at 5 percent level

The insignificance of many explanatory factors may be the result of the sample selection process. The sample consisted of bankers who are in middle-management positions and who are considered promotable by their employers. If women in lower management positions who behave more like men are more likely to be promoted and be considered promotable, then there may be similarity between genders in many of the reported attributes. The lack of diversity observed in many of the factors may bias the equation results by overestimating the effects of the dissimilar attributes such as experience, education, and gender.

CONCLUSION

The study shows that men and women bankers, at approximately the same stage in their careers, are strikingly different in a number of ways, yet similar in job levels and salary. Women are older, have greater family responsibilities, have less education, and have worked longer in financial institutions. At the present time in their careers, however, men and women have parity on the primary measures of job equity: job levels and salaries. These results are consistent with gender research showing that women take

longer than men to attain managerial positions. Our findings indicate that experience and number of promotions in banking substitute for education in achieving salary equity.

Behavioral factors that may affect gender equity in promotion and, correspondingly, in compensation are those of attribution of success, aspirations, and career advancement tactics. The women bankers studied are more like males than attribution theory would predict; they do not attribute their success to luck but to hard work. Greater aspiration is correlated with greater number of promotions for both men and women. While there are minor gender differences in career advancement tactics, these tactics do not relate significantly to compensation in the regression equation.

The major finding of this study is that while men and women middle managers in banking do have salary and job level equity, being female significantly reduces earnings when controlling for productivity, demographic, and behavioral differences. Education, experience, position level, size of employing bank, being out of the labor force, and years spent in a position also are found to be important to salary determination.

A complete understanding of why the observed imbalance exists requires knowledge of employer behavior. If bank personnel managers and policy makers are concerned with affirmative action and promoting employment equity in the banking industry, they need to investigate the relationship between gender, promotions, and salary growth. As lower entry levels are a primary cause of increased promotions, banks also need to analyze their hiring and initial job placement practices.

Many issues about banking employment practices remain unanswered because they are beyond the scope of this study. A major question for further exploration and research is whether banks use different selection processes for hiring, placing, and promoting men and women. Further research involving a dual study of both employees and employers would enhance understanding of salary and job equity, including promotion patterns.

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