

# Exam 2



**ASSIGN  
BUSTER**

Labor market discrimination refers to the situation where two equally qualified individuals are treated differently on the basis of their gender at the end of which the human capital growth of the individual who has been discriminated against gets negatively impacted (Blau, Ferber, and Winkler 193). Four theoretical explanations have been proposed to explain this behavior: tastes for discrimination, statistical discrimination, overcrowding model and institutional models.

Taste for discrimination refers to the bias that employers, co-workers or customers convey, openly or discreetly, against associating with a particular group – in this case women. This theoretical model posits that all these forms of bias bear monetary cost that result in lowering the wage level for women even where women and men have the same productive capacity.

Statistical discrimination theory refers to the use of statistics – real or assumed – by employers to predict the behavior of a particular group of people and therefore use it as a basis to judge their capabilities, worth, employability and so on. For example an employer could judge the individual woman on the basis of their beliefs about what women do on “ average” (Blau, Ferber, and Winkler 218).

The overcrowding model proposes that labor market discrimination results when particular groups “ crowd” to particular jobs either as preference or out of lack of alternatives which results in an oversupply of labor for the few jobs available. Here, the market law of demand and supply makes that group disadvantaged in terms of wages.

Finally, the institutional model states that discrimination arises from rigid, internal institutional structures and execution of normal everyday operations of the firm. The institutional model advances that organizations have primary

/ core jobs and secondary / non-core jobs which offer different levels of growth, benefits and so on. Thus the tract within which an individual starts her career, under the normal company policies, ends up affecting her career progression, wages and benefits and so on (Blau, Ferber, and Winkler 223). The major pieces of legislation enacted in the U. S. to tackle labor market discrimination are the Equal Pay Act of 1963 and Title VII of the Civil Rights Act of 1964. The Equal Pay Act of 1963 focused on eliminating wage discrimination for the same job in the same firm and did not address discrimination in hiring, promotion, training programs, and so on. Title VII of the Civil Rights Act of 1964 was more encompassing and it prohibited sex discrimination in virtually all aspects of employment and it was amended to cover all businesses employing 15 or more workers (Blau, Ferber, and Winkler 227).

Four reasons have been postulated to have influenced the narrowing of the gender wage gap over the year. To begin with, women improved their job qualifications relative to men. Education has been a major determinant for entry into the high-paying white collar jobs. By 1998, Blau, Ferber, and Winkler (252) state that women workers were 2 percentage points more likely to have a college or advanced degree than men workers. Secondly, from the 1980s there has been a decrease in unionization. Considering that union membership was largely male dominated, their decline had a greater negative effect on male wages than female wages thus lowering the gap. Thirdly, women got increasingly employed in high-wage jobs such as professionals and managers. This shift in women occupations definitely narrowed the gender wage gap. Fourthly, a decrease in the unexplained portion of the gender differential began to occur in the 1980s. This

phenomenon is referred to as unexplainable because it could be attributed to a myriad of factors such as decline in statistical discrimination and the accompanying feedback effects, changes in attitudes by society that may have scorned on discriminatory tastes, decline of male-dominated industries in the U. S such as manufacturing and so on.

#### Works Cited

Blau, Francine D., Marianne A. Ferber, and Anne E. Winkler. *The Economics of Women, Men, and Work*. 6th ed. New Jersey: Prentice Hall, 2010. Print.