

# How skills and personality traits contribute to the gender pay gap

Written by The Conversation

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Women on higher incomes see an income boost from reading skills. Shutterstock

The gender pay gap in Australia currently [stands](#) at 15.3%, but this number hides other differences in how men and women are paid. It is important to note that the gender wage gap varies by income level. At higher income levels women earn up to 23% less than men, but the gap is negligible at lower income levels.

Our [recent research](#) looked at the effect of different psychological traits (e.g. extraversion) and cognitive skills (e.g. working memory) in explaining the gender pay gap in Australia, and found significant differences in how men and women are rewarded or penalised.

Women on high incomes, for example, see a larger benefit for their word-reading ability skills than men. But all women are penalised for being “agreeable” when men aren’t. The differences in how these attributes are treated lead to men and women making different career choices, which also has an impact on income.

## The skills and traits

Our study looked at data on word-reading, working memory and matching symbols tests (cognitive skills); as well as conscientiousness, openness to experience, agreeableness, extroversion and emotional stability (psychological traits) from the [Household, Income and Labour Dynamics in Australia](#) survey (HILDA).

The working memory task asked participants to repeat in reverse order long strings of single-digit numbers. Matching symbols involved participants matching symbols to numbers within 90 seconds, and word-reading saw participants read 50 irregularly spelled words, listed in order of difficulty.

The psychological traits were tested with a self assessment, asking respondents to assess the degree to which the trait describes them, from “Does not describe me at all” to “Describes me

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very well”.

Of the psychological traits we studied, conscientiousness and agreeableness had the greater influence on the gender wage gap. On average, men are rewarded more for being more conscientious than women are. Women are penalised more for being agreeable than men.

While there aren't significant differences in cognitive skill levels between the genders, women are rewarded more for them than men. Our study suggests that when it comes to national word-reading test, which is intended to provide an estimate of premorbid intelligence, women at higher income levels receive a significantly higher reward. Specifically, scoring higher in the word-reading task, higher income women receive an 8% wage benefit, while men only receive a 5% benefit.

Conscientiousness is positive for both men and women. Individuals who possess this trait are often characterised as hardworking, productive, punctual, organised and accepting of responsibility. The results for conscientiousness indicate a wage premium of more than 5% for men and about 3% for women at the bottom end of income levels. However, women on high incomes gain a slight wage advantage.

People who are highly agreeable are often labelled as compassionate, polite and kind, which may seem advantageous to the career success. Women who are highly agreeable, however, received a wage penalty. This was especially prominent for women on high incomes. The impact on men of appearing agreeable was insignificant, giving them a significant wage advantage.

While this finding may seem puzzling at first glance, more agreeable women may be too passive in conflict situations, poor wage negotiators, or simply sort into the lower paying occupations.

Finally, we found that both cognitive skills and psychological traits have a significant predictive relationship to career choices.

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Men and women with similar attributes enter different occupations at very different rates. Greater extroversion (i.e. being sociable, outgoing but also dominant and ambitious) is associated with a higher likelihood that men are employed as managers or service sector workers, while for women the effect of this trait is insignificant across most occupations.

There are some straightforward policy implications from this analysis. Understanding the underlying sources of the gender differences in pay means some of the gap can be reduced by considering personality and cognitive attributes. For example, we could invest in programs aimed at improving non-cognitive skills among women - where the biggest differences are.

[Research](#) suggests that gains would be greater from investing in programs in early childhood. [One study](#) followed people from a preschool program and showed that programs to boost character skills translated into success in adulthood.

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**Read more** <http://theconversation.com/how-skills-and-personality-traits-contribute-to-the-gender-pay-gap-81684>