

# SEX DISCRIMINATION PROBLEM

## 3. Glance at the Data

Two following two questions about the data in the case study must be answered satisfactorily:

- 3.1 Are the data relevant to the question about sex discrimination in starting salaries?**
- 3.2 Are the data sufficient to support or reject the discrimination claim?**

- 3.1 Are the data relevant to the question about sex discrimination in starting salaries?**

In order to answer the question it is necessary first to specify precisely what discrimination means. The claim of discrimination will be supported if we are able to prove that males receive higher starting salaries because they are males. In other words, after accounting for various available measures of qualifications, experience, and job performance, females receive lower starting salaries than males.

There are seven variables considered in the study: starting salary, salary as of March 1977, gender, seniority, age, education, and experience prior to employment with the bank. Obviously, starting salary is affected by gender, seniority, age, education, and prior experience but it is not affected by salary in 1977.

Does seniority affect starting salary? It does not, but the time of hire certainly does. The data comes from a larger data file containing the data about entry-level clerical employees hired by the bank between 1965 and 1977. To account for the general effect of beginning salaries increasing over this period (inflation), seniority measured as the number of months since first hired, was also included in the data. Thus seniority expresses indirectly the information about time of hire and its inclusion accounts for increasing beginning salaries over time. All of the employees in our case study were hired between 1969 and 1971. This is why seniority measured as the number of months since first hired is between 65 and 98 in our data file.

Summarizing, all the considered variables except for salary in 1977 are important variables affecting starting salary.

### **3.2 Are the data sufficient to support or reject the discrimination claim?**

We have to be aware of the limitations of available data. The starting salary is affected by several factors such as job qualifications, experience, and job market situation. Only some of these factors could be measured somehow whereas starting salary could be measured precisely. The information included in an applicant's resume or the information provided by the previous employer cannot be perfectly measured but it is more valuable than the number of years of education or the number of months of prior experience. In general, good measures of job qualifications and performance are seldom available. In our case, information is lacking about job applicants who were not hired, though this information may be a relevant factor in the decision about the starting salary of the successful applicant. In other words, there is no information about the employment process that produced the data. The examination of the process would reveal some non-measurable activities such as search for job candidates, selection from applicant pools, initial placement, and salary determination.

All 93 persons considered in the study are described as entry-level clerical employees, but it is reasonable to assume that this group might be divided into several non-homogeneous subgroups with different job responsibilities. It is likely that initial placement in one of these groups affected salary determination. However, this information is not available in our case study.

Summarizing, we feel that with the variables available, it will be difficult to make strong claims to support or reject the discrimination claim.