

## GENDER DIFFERENCES IN THE SALARY EXPECTATIONS OF MARKETING STUDENTS

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### ABSTRACT

This research examined gender differences in salary expectations of students enrolled in Principles of Marketing courses (N = 201). Students (115 men and 86 women) were asked about salary expectations, salary information search, work experience, and wage discrimination. Results indicated that women and men had similar salary expectations. However, women's salary expectations declined with increased investigation into salary levels while men's stayed the same or increased. Male and female students also held differing beliefs about salary equity.

### INTRODUCTION

Business in general and marketing in particular has become an increasingly popular major for women. More women are occupying management positions today than in the past, partially as a result of better business training. In 1992, for example, 42% of management positions in the United States were held by women in contrast to 16% of positions in the 1960s (Alpern 1993). However, women have continued to lag behind men in compensation for work, in both management and nonmanagement positions. It is well known that, depending on the occupation, women earn between 50% and 75% of what men earn (Fisher 1992; U.S. Bureau of the Census 1992). According to a recent survey (Gaines 1994) wage discrepancies are also faced by marketing graduates. The continuing question is: what factors account for the persistent gender gap in wages?

There is a large body of research that addresses the wage differential between men and women in the United States. One set of research blames women's lesser investment in their own human capital through obtaining less advanced education, interrupting employment, and being less aggressive in seeking promotions (e.g., Olson and Frieze, 1987). Other, dual market explanations, propose that women, more than men, tend to concentrate in lower-paying fields (e.g., Roos 1985). Although these factors certainly account for some of the variance in wages, research has shown that when they are factored out, a wage differential still remains. Browne and Brown (1994),

for example, investigated salary differences among 293 male and female college graduates in Business Administration from a single institution. The men and women in the study graduated between 1984 and 1990 with very similar preparation in their major fields of study. In every cohort and every concentration, including marketing, women received less pay than men, even though there were no differences in work tenure, occupational choice, or job status (number of promotions or level in the corporate hierarchy) that were related to income.

Two factors that may contribute to wage differences between men and women are self-pay expectations and willingness to negotiate for salary. Using a simulation paradigm, Major, Vanderslice and McFarlin (1984) found that job applicants who communicated lower pay expectations did obtain lower pay offers from employers. Other research indicates that gender influences salary acceptability (e.g., Major and Konar 1984; Tomski and Subich 1990). Jackson, Gardner, and Sullivan (1990) found that regardless of occupational field, women had lower entry level and career-peak pay expectations than men and this difference was particularly marked for career-peak pay levels. Contrary to some earlier research, the women studied by Jackson et al. did not actually value pay less than men even though they were willing to accept jobs for less compensation. Studies of gender differences in willingness to negotiate for salary and the effect of this factor on actual salary are rare. However, Gerhart and Rynes (1991) recently investigated this topic by surveying MBA students. Their results suggested that negotiation differentially improves starting salaries. Although both men and women were equally likely to negotiate for salary increases, men achieved greater salary increases for negotiation efforts.

Wage differentials constitute an important problem for women because they affect salary progressions and salary-linked benefits across the course of a career. Differing conditions for men and women in the workforce should also concern marketing educators because increasing numbers of their students are women. If it is true that female students, more than males, lack information or

bargaining ability, it is possible and legitimate to address these deficiencies in the university setting. Efforts in this direction have the potential of increasing student occupational success, creating more satisfied customers of business education, and providing a competitive edge in promoting marketing programs.

The current study replicates previous work on salary expectations, and extends that work by examining information search, propensity to negotiate, and job selection criteria. Several questions were asked. Do female business students today expect to earn less than male students, a factor which could predispose them to accept lower salaries? Do female and male students seek different amounts of information about appropriate salary levels for alternative positions? Are there gender differences in the willingness of students to negotiate for salary or benefits? Do female and male students differentially weight job characteristics such that salary assumes a higher importance for male students than it does for female students?

## METHODS

### Sample

The sample was composed of 115 men and 86 women who were enrolled in an introductory marketing principles course. The respondents were primarily undergraduate students, born in the United States, and were, for the most part, unmarried. Seventy-nine percent of students were concentrating in business administration; the remainder were enrolled in merchandising, engineering, or a liberal arts program. The sample ranged in age from 18 to 49 years ( $Md = 21$  years). Eighty percent of the respondents were under 24 years-old. Most of the students were not currently employed although most had worked at casual jobs at some time or another. Spouses or defactos of respondents had a similar pattern of employment, primarily in casual positions (for example, gas station attendant, waitress, student aide).

### Instrumentation and Procedures

Students were administered a questionnaire that asked about personal demographics, salary expectations and information, job selection criteria, expectations about negotiation and feelings about gender discrimination in compensation for work. The questionnaire was delivered to the students in their various sections during a class period (by both male and female instructors) and they received a small amount of course credit for returning the

questionnaire. Although completing the questionnaire was voluntary, very few students refused to participate or offered partial data.

The survey instrument contained a series of possible career positions for business students together with a set of salary categories for each position. Positions listed were accountant, administrative clerk, advertising sales, retail sales representative, industrial/technical sales representative, marketing manager, high school teacher, and bank manager. Positions were chosen from job placement advertisements on the basis of employing differing proportions of males and females and representing a range of salaries. Thus, the category "industrial/technical sales" traditionally attracts more men whereas the category "retail sales" typically employs more women. The career of "teacher" and "administrative clerk" served as anchors for primarily female positions. Salary categories began at \$15,000 to \$20,000 and increased at \$5,000 increments up to over \$60,000. Students were asked to check the category that they believed would be the acceptable starting salaries for each position. They were told that they probably would not know the exact entry level salary of each position, but that they should check the salary category that they thought would be appropriate. Students also rated their willingness to negotiate for salary and benefits on a five point Likert-type scale (1 = not at all; 5 = always).

In addition, the questionnaire asked about past investigation into salaries paid to employees in various jobs. Students were asked whether they had sought information about salary and which sources they consulted. Categories of information source were provided and included newspapers/magazines, personal contacts, college consulting, professional agencies, and "other sources." Students were also asked to rate their amount of investigation into wages on a five point Likert-type scale.

Information about previous personal employment and employment of spouses and defacto partners was queried. The rationale behind asking about personal and partner's employment was that these can be sources of information about actual salary levels. Thus, one could expect a student who is employed in a sales position or in an advertising firm to have a better idea of salaries in those areas than students with no relevant work experience. Similarly, if a student's spouse was employed in a relevant position, that student would be likely to have additional knowledge about salary, at least for the spouse's occupation.

Salary is only one reason for choosing one job over another. Therefore, students were also asked if they would take a position at a less-than-expected salary if it had other attractive features. In order to further examine student criteria for employment, students were provided a list of possible job features to rank in terms of importance to job choice (1 = most important; 7 = least important). These features included salary, promotion, flexible hours, interesting work, sense of accomplishment in work, ease of entering and leaving the work force, and competent and friendly co-workers. They were also invited to provide, in a free response question, other job selection criteria.

Finally, students were asked about gender discrimination in the workforce. First, they were asked to rate the degree of discrimination (1 = not a problem now; 2 = there is some discrimination but it is not extensive; 3 = there is extensive discrimination). Second, they were asked to rate their degree of agreement with the statement that, on the average women in the United States earn equal pay for the same work as men (1 = disagree; 5 = agree). Third, a similar statement about women in management positions was provided and students rated their degree of agreement with that statement.

## RESULTS

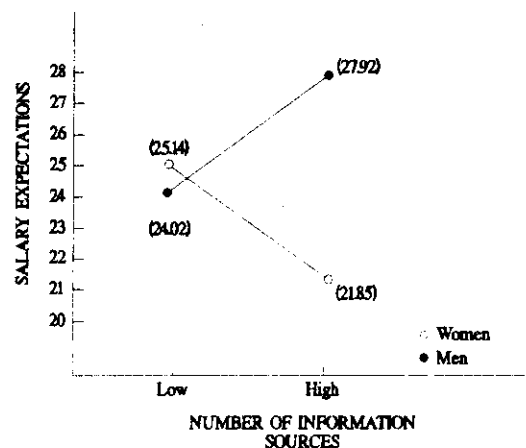
In order to determine whether males and females differed in the acceptability of starting salaries over-all, the salary rankings for the separate job categories were combined into an index. Student work experience was divided into two categories: (a) no work or only casual work and (b) previous career or business-related experience. The salary index then was used as the dependent variable in a 2 (sex) x 2 (work experience) ANOVA. This analysis revealed no difference in over-all salary expectations attributable to gender, previous work experience, or the interaction between the two. Other analyses conducted on salary ratings for individual job categories yielded similar results. Relevant to the research questions, there were no gender differences in salary expectations in either traditionally male-dominated or traditionally female-dominated jobs. Because few students had a spouse or defacto who was employed, a similar analysis, using spousal employment as an independent variable, was not conducted.

When investigation into salary was examined, it was found that the primary sources consulted by both genders were magazines/newspapers and personal sources. Few students claimed to look to university sources for career information. Men's ratings of their information search were higher than women's,  $\bar{M} = 4.12$  (men) and  $\bar{M} =$

3.56 (women),  $F(1,198) = 4.68, p < .03$ . However, the number of sources of information consulted was not correlated with the ratings of amount of investigation. For example, a student who claimed to use only one source of information might rate his/her degree of investigation to be extensive. Another student who claimed to use all sources of information might give him or herself a low rating on information search.

To further investigate these issues, the number of sources of information were additively combined. The rationale for this procedure was two-fold: (1) that students with more interest in salary would be likely to consult more sources of information; and (2) that, in comparison with a direct rating, demand effects would be less. A median split was then conducted on the information index ( $\bar{M}_d = 2$  on a 5 point scale). This variable together with sex was used in a 2 (sex) x 2 (information) ANOVA on salary expectations. The analysis produced a significant interaction between sex and amount of information search indicating that consulting more sources of information had different effects on women than it did on men,  $F(1,168) = 5.68, p < .02$ . These results are depicted in Figure 1. Further analyses conducted for the separate job categories showed a similar pattern of lower salary expectations among women who consulted more information sources. Expectations for marketing management salaries showed a main effect of gender in the nonhypothesized direction,  $\bar{M} = 3.69$  (men) and  $\bar{M} = 4.25$  (women),  $F(1,168) = 5.167, p < .03$ .

FIGURE 1  
RESULTS OF THE ANALYSIS OF VARIANCE OF COMBINED  
ENTRY-LEVEL SALARY EXPECTATIONS OF STUDENTS



Similarly, there were no gender differences in students' willingness to negotiate for salary and to take a job at a lower-than-expected salary. Both male and female students indicated that they would negotiate and would accept less salary if the job had other attractive aspects. Examination of the criteria for job selection also indicated few differences between male and female marketing students. Both men and women ranked interesting work as the most important criteria for taking a job with salary being the second most important criteria. The only observed gender difference was in the importance ranking of the possibility of promotion which women considered to be more important than men did. Flexible hours and ability to enter and leave the workforce were received the lowest rankings from both men and women. The most frequently cited additional decision criteria for job selection was location (40% of the sample). However, this was a complex response as students often attached different meanings to the word (e.g., rural/urban, area of the country or world, travel time to work, and as an aspect of the work environment).

Feelings of discrimination in the workforce were also examined. The majority of women and men believed that, although there might be some gender discrimination in employment, it was less than in previous years. However, when students were asked specifically about wage discrimination, female students believed that women in general were paid less than men,  $F(1,198) = 9.38, p < .003$ , and that women in management were paid less than men,  $F(1,198) = 11.36, p < .0009$ . Men, on the other hand, did not believe there were any significant salary discrepancies in the current employment market.

## CONCLUSIONS

A primary conclusion from this study is that male and female marketing students are similar in their compensation expectations and criteria for employer selection. In this salary was ranked second in importance by both genders; interesting and challenging was ranked first. Male and female students also indicated equal willingness to negotiate for pay. These findings support other studies (e.g., Jackson, Gardner, and Sullivan 1992) that have shown that women and men place value on salary and that it is an important reason for choosing one employer over another.

Amount of information search did differentially influence salary expectations in that women who consulted more sources of information about salaries were more pessimistic about likely future earnings than their less

investigative colleagues. If knowledge closes the gap between expectations and reality, such a finding could explain the "paradox of the happy working woman" who expresses satisfaction with work even though the conditions are inequitable. The one exception to the pattern, in expectations of marketing management salaries, is difficult to explain and does not reflect actual conditions in the workforce. According to the survey described by Gaines (1994), for example, women earn substantially less than men at all levels of marketing and are under-represented in higher management positions. Attempts to explain this anomaly are pure supposition but it may be that female students are less likely to target marketing management positions as a career option and investigate these positions less. Thus, they may peg their salary expectations on what they believe male managers earn. They might also suppose, given the gender ratio in marketing management, that a woman has successfully cracked the glass ceiling in obtaining such a position and would not face salary discrimination.

The results of the study has several implications for marketing faculty. The first has to do with the responsibility to share information about marketing positions with students. The study suggests that marketing faculty should not depend entirely upon college placement/counseling services to provide student job information. Very few students cited university counseling and placement services as a source of information about jobs. It could be that these services are not well known or thought to be ineffective information sources by students. If so, the implication is that attention needs to be given to improving career counseling on university campuses and marketing faculty have a general role doing this.

Marketing faculty could also assume a direct role in improving student awareness of employment conditions through including discussion of these issues in their marketing classes. Incorporation of current career-related information in marketing classes could help all students become better aware of workforce conditions and better able to make academic decisions related to future work. Avenues to providing career information might include mini-lectures delivered by the professor, invited guest speakers from industry (which should include successful women), or through a career exploration assignment. For example, students might be asked to choose a career area of interest to them (e.g., advertising) and explore the parameters of that area through library and other sources. These parameters might include specific career paths, expected preparation, job availability, promotion tracks,

and average salaries and salary progressions. An additional benefit of such a project would be to increase student knowledge of job information sources. Mini-job fairs offered by colleges or departments might also be an avenue to disseminate information. Internships, which provide experiential knowledge, be should encouraged among female, as well as male students.

Some limitations to the study need to be cited. First, willingness to negotiate and actual negotiation are different. Varying skill levels and differing acceptance of negotiation behaviors of men and women also influence the effectiveness of pay bargaining. These factors were not addressed here. Second, consulting a large number of sources (possibly in a cursory manor) is not equivalent to obtaining accurate or in-depth information, which could be obtained from one source. The robustness of student information about marketing positions and salaries was not directly tested in this study. Third, the salary categories used in the study increased at \$5000 increments. It may be that there are differences in expectations but that they are smaller than this amount. These issues should be investigated in future research.

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