Even In The Gig Economy, Women Earn Less Than Men – But Why?

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March is Women's History month, usually a cause for celebration in the workplace. But this year, unfortunately, most of the news regarding women in the workforce has been COVID-related and negative in nature. Over the last year, positions traditionally held by women, such as those in the service or retail industry, have disappeared, some seemingly overnight. At the same time, women have also been called upon like never before to step in as virtual school teachers for their children and caregivers for their families and communities – even when doing so leaves them with no choice but to resign from traditional 9-5 positions. The result is that women have been disproportionately financially impacted in what has been termed the "shesession."

Meanwhile, the ever-growing gig economy has offered a unique way for these displaced working women to start or grow on-demand side hustles to help sustain them and their families. The gig economy is also ideally situated to allow its workers to craft their own schedule, which has been crucial for many working mothers who are juggling both virtual school and the closure of normal child care providers. However, a surprising new study has revealed that even in the gig economy, women earn less on average than men.

In conducting a 2020 study on gender equality in gig economy pay, CloudResearch authors looked at over 22,000 gig workers who had participated in almost 5 million online microtasks, or individual gig transactions. The study showed that women's earrings were 10.5% lower than men. Notably, before the pandemic, women earned on average 82 cents for every dollar that a man made. So, a 10.5% difference, while not ideal, is actually still better than in the traditional workplace. Still, it seems objectively confounding that any noticeable pay gap would exist in an apparently gender-blind work arrangement.

The authors of the original study next tried to explore the cause of this surprising discrepancy. In doing so, they found that some women appeared to make lower-paid work choices based upon their preconceived expectation for lower wages. The study revealed that women and men often had a different "reservation wage." This means that when they were asked what would be the minimum amount they would need to be paid in order to perform certain jobs, women responded with an amount that was 10 to 15% lower than the amount men stated they would require to perform the same work.

Considering the traditional pay gap referenced above, it may make sense that women are prepared to expect, and accept, lower wages than men for the same work. In other words, the long-standing pay equity issues with the traditional workforce have a crossover impact on the gig economy, even when other variables are adjusted for. A similar study also revealed that women charged less on average than men for freelance work despite having similar backgrounds and performing similar tasks. Other studies also opined that men might earn more in gigs that involved driving because they drove faster on average than women and may be more willing to drive late at night when fares may be higher.

While there is no clear solution to this problem, it is possible that by simply shining a light on these discrepancies, the "reservation wage" gap may start to close. With information about what men are earning, women may feel more comfortable not accepting less for themselves, and gig companies are also taking note and looking into what they can do to address pay gaps. COVID-19 has caused so many financial stressors, however, particularly for women, that any opportunity for flexible on-demand work will almost certainly continue to be needed – even at an unfair discount.

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