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# Before COVID-19, Corporate America Shortchanged Black Women \$50 Billion Annually: Why *All*Women Should Care

4/7/2020 by MICHELLE HOLDER

**FEMINIST DAILY NEWS** 

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**POPULAR THIS WEEK** 



Women, people of color and an intersection of the two groups—Black women—will inevitably be overrepresented among the current glut of jobless Americans. Pictured: Thousands participated in two marches, The March for Racial Justice and The March for Black Women, in Washington DC on September 30, 2017. (Susan Melkisethian)

As the American economy currently grapples with the onslaught of COVID-19, the main work-related challenges confronting Black women are reductions in work hours, job losses and exposure to the virus while physically on the job.

Initial claims for unemployment insurance recently hit 3.3 million, then doubled the following week at 6.6 million—the most ever recorded and well over 5 million more than what had been the weekly average since record keeping began.

These new peaks in initial claims demolished the long-held record of 695,000 initial unemployment insurance claims filed on October 1982; at that time, the country was coming *out* of a recession.

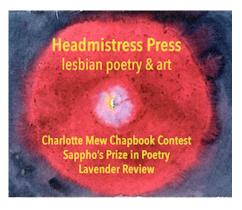
But the current Federal Reserve Bank chairman, Jerome Powell, has acquiesced that the U.S. may be *in* a recession.

Why Adoptee Citizenship
Matters During The
Coronavirus Pandemic

Texas Abortion Providers
File Lawsuit to Ensure
Safe Access to Abortion
Procedures During
Coronavirus Pandemic

Hey, President Trump, That's Dr. Birx—not "Deborah"





If recessions in the past are prelude, then women, people of color and an intersection of the two groups—Black women—will inevitably be overrepresented among the current glut of jobless Americans. The economic landscape has decidedly changed, with COVID-19 introducing uncertainty into the U.S.'s outlook for productivity and growth. At some point, however, the American economy will have absorbed this significant shock—we're just not sure when.

The coronavirus challenge to the U.S. economy also presents an opportunity for the private, for-profit sector to acknowledge and take steps to address pay disparities along gender and racial lines among its workers, especially those it compensates the least—Black women.

This is of importance to **all** women, because, as Janelle Jones of the Groundwork Collaborative in Washington D.C. puts it: "If we measure success by what happens to Black women, I am CERTAIN that will be best for all workers." Jones calls this "Black women best."

Kendra Bozarth of the Roosevelt Institute, a progressive economic think tank, <u>adds</u>, "If Black women ... can one day thrive in the economy, then it must finally be working for everyone."

# The Real Implications of Black Women's Salary "Double Gap"

During prosperous times, most workers have had the experience of sitting across from someone, being offered a position or promotion, and then being asked their desired salary. For women in general, and African American women in particular, answering this question can be like rolling loaded dice.

To begin with, Black women are already among the lowest paid demographic groups—along with Latinas and Native American women—so using prior salaries to gauge a fair request already puts us at a disadvantage. Trying to negotiate as aggressively as





white male job applicants is also fraught with risk—according to research by Morela Hernandez et. al. (2019), when Black workers attempt to assertively bargain for fair compensation, they are perceived as aggressive, and may either lose employment offers or be offered a lower salary for violating employer's expectations.

Of course, there are other reasons why Black women, on average, earn less than white men. Black women tend to be more crowded in lower-wage occupations than white men. And though it has narrowed over time, whites still complete college at a higher rate than African Americans.

But even after taking differences like these into account, economists such as William **Dar**ity Jr. have shown that a wage differential between Blacks and whites—in favor of whites—still exists, one that cannot be ascribed to differences in individual characteristics or skills. Feminist economists have shown similar findings for women vis-à-vis men.

The "double gap"—a term I use to convey that Black women are subject to gender, as well as racial, wage gaps—has real, tangible consequences for the Black community in America.

According to quantitative research I've conducted for the Roosevelt Institute, Black women in the U.S. were underpaid to the tune of about \$50 billion in 2017—and this is an annually recurring loss to the Black community.

These billions could be used to pay for childcare, relieve household debt, pay for educational expenses, cover out-of-pocket health care costs, and—something of critically importance right now given COVID-19—assist in incomesmoothing during times of reductions in work hours or unemployment.



"The 'double gap'—a term I use to convey that Black women are subject to gender, as well as racial, wage gaps—has real, tangible consequences for the Black community in America," Holder writes. (WOCinTech Chat)

# How to Shrink the Gender and Racial Pay Gap for *All* Women

What can be done about shrinking, and eventually eliminating, the double gap for all women?

Some states have banned "pay secrecy" practices on the part of employers. Marlene Kim found in a 2015 paper that in states where pay secrecy practices are illegal the gender wage gap is lower among highly educated women.

In 2018, the Ninth Circuit Court of Appeals, in the case *Rizo v. Yovino*, found that the practice of requesting previous salary histories in hiring was discriminatory against women. Unfortunately, the ruling was subsequently vacated by the U.S. Supreme Court on a technicality.

A measure which businesses can voluntarily undertake is a "pay parity audit," where an independent expert can be brought out to evaluate whether there are issues within companies regarding equitable pay along gender and racial lines. It's easy to attempt to scapegoat women in general for the wage gaps they endure by asserting that they, as a group, lack adequate negotiating skills. But it would be incorrect to do so. Research by Gerhart and Rynes (1991), as well as Laura Crothers et. al. (2010), shows that even when women engage in the same salary negotiating strategies as men, their economic returns are lower.

The burden of shrinking the double gap lies primarily with employers who must recognize and acknowledge that they are underpaying Black women, writ large, and take measures to rectify this.

But CEOs are not going to do this of their own volition—so we need our policy advocates, policymakers and legislators to push corporate America in the right, and fair, direction; Jocelyn C. Frye at the Center for American Progress is a stellar example of a policy advocate who has been on the front lines of this push.

Finally, all women—but especially Black women and other women of color,—should *regularly* ask for five to ten percent more than they think they're worth, or are told they're worth, when sitting across from someone, virtually or otherwise, making decisions about their pay, because at some point during their careers these women *will* be undervalued and underpaid.

The coronavirus pandemic and the response by federal, state and local authorities is fast-moving.

During this time, *Ms*. is keeping a focus on aspects of the crisis—especially as it impacts women and their families—often not reported by mainstream media.

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TAGGED: BLACK FEMINISM, BLACK WOMEN, GENDER GAP, PAY GAP, WAGE GAP, WOMEN IN BUSINESS, WOMEN WORKERS

### **ABOUT MICHELLE HOLDER**

Michelle Holder is an Assistant Professor of Economics at John Jay College of Criminal Justice, City University of New York. Prior to joining the John Jay faculty, she worked professionally as an economist for over a decade in both the non-profit and government sectors, including as senior labor market analyst at an 160-year-old nonprofit antipoverty organization where she wrote about labor force and poverty trends in New York City, and as an economist at the Office of the State Deputy Comptroller for NYC where she monitored and wrote about trends in the low-wage labor force.

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