

The Government Thinks That Interview Questions About Salary History Are Holding Women Back

Prior discrimination becomes current discrimination if a job's compensation is based on the past.



A poster for the initiative requesting a yes vote "1:12, together for fair wages" is attached to a lamp post in Eclepens, western Switzerland October 31 2013.

Denis Balibouse / Reuters

BOURREE LAM
1:07 PM ET

There are a lot of hard questions during most job interviews, and there's one in particular that's as welcomed as it is dreaded: salary history.

The question of salary history is a promising sign that a potential employer

is seriously considering hiring a particular candidate—they're looking at their budgets and seeing what they can afford. But answering can backfire, resulting in lower pay, and some recommend the safe route of [refusing to disclose it](#), or the even ballsier approach of [lying about it](#). The premise for the latter option: The game isn't fair, so don't play fairly.

In behavioral-economics-speak, a potential employee's salary history is information that can result in [anchoring](#)—the cognitive bias that makes people focus around a number once it's been stated, with only some small room for adjustment. Hence why lying about one's salary history is useful: [One study](#) on the effect of anchors on salary offers found that even implausibly high anchors resulted in better compensation.

But this can have unintended—and unfair—consequences: Beth Cobert at the Office of Personnel Management (OPM), the federal government's HR department, argues that the question can perpetuate gender inequality. Last week, [Cobert issued a memo](#) advising federal agencies against an over-reliance on salary history for determining compensation.

“Reliance on existing salary to set pay could potentially adversely affect a candidate who is returning to the workplace after having taken extended time off from his or her career or for whom an existing rate of pay is not reflective of the candidate's current qualifications or existing labor market conditions,” said Cobert in the memo.

While the memo mentions both genders, the pattern is more likely to adversely affect women, especially those who have kids. [One study found that](#) while children increased a man's earnings by 6 percent, a woman's earnings decreased by 4 percent for each child she had. Last year, [OPM found](#) in a study that the starting salaries of female federal employees were 10 percent lower than those of male federal employees. The new rule would also help with [erasing the effects of pay discrimination at past jobs](#), which would carry over if salary history is the basis for how much a worker

is paid at a new job.

When it comes to the overall picture, one recent study by Pew had some encouraging results: Young women are closing the gap, [earning 93 percent](#) of what young males earn. But that doesn't account for the fact that it's later in people's careers that the biggest gaps happen—due to the motherhood penalty and the need for more women in higher-paying jobs and positions.



SPONSOR CONTENT: SIEMENS

Corporate Goliaths and Start-Up Davids Join Forces to Invent the Future

ABOUT THE AUTHOR



BOURREE LAM is an author of Freakonomics.co

Twitter Email

isly the editor