The Economist

Bits and bias

Google is accused of underpaying women

The allegation inflames a debate about sexism in Silicon Valley

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GOOGLE has made a fortune by helping people dig up whatever information they seek. But in a court hearing on April 7th, America's Department of Labour (DoL) accused the company behind the profitable search engine of burying the fact that it pays its female employees less than their male counterparts. The accusation of lower compensation for women forms part of a lawsuit by the DoL, which has asked Google to turn over detailed information on pay. The department has not released data to back its assertion, and Google denies the allegation.

Whatever the outcome in court, the government's recriminations risk marring Google's image. Just three days earlier it had taken to Twitter to boast that it had "closed the gender pay gap globally". That claim is now under suspicion. It is true that at Google's parent company, Alphabet, several women hold high positions, including Ruth Porat, the chief financial officer, and Susan Wojcicki, who runs YouTube, an online-video business. But the important question is not only whether a few women get promoted but also how those in the middle and lower ranks fare.

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What figures there are paint a depressing picture about the status of women in technology. According to a one-off survey in 2015 called "Elephant in the Valley", two-thirds of women in Silicon Valley feel excluded from key networking events, and three-fifths have experienced unwanted sexual advances. More than a quarter of American women in engineering, technology and science feel "stalled" in their careers, and a third say they are likely to quit their jobs within a year, according to the Centre for Talent Innovation, a think-tank.

The marginalisation of women in tech became a prominent subject in 2015 during a sex-discrimination lawsuit brought by Ellen Pao, who had worked at a venture-capital firm, Kleiner Perkins (she lost the case). It has been back in the headlines since Susan Fowler, a former engineer at Uber, a ride-hailing firm, wrote a blog post in February saying that male supervisors had failed to promote women and that human resources had not taken complaints of sexism and harassment seriously. Uber has hired Eric Holder, America's former attorney-general, to lead an investigation into the company's handling of sexual harassment and workplace culture. The results are expected in the coming weeks.

Some firms, including Uber, are now publishing annual reports describing the composition of their workforce, after they were criticised for not hiring more women and ethnic minorities. Well under half of tech companies' employees are female (see chart). Despite attempts to hire more women, they have not shifted their female-staff shares by more than a few percentage points.

Educational choices are part of the problem. In 2013, the most recent year for which data are available, only around 18% of computer-science graduates were women, half the proportion in 1985. Some suspect there is a "negative" network effect, and that the small share of women in the field discourages others from choosing it as a course of study.

Unwritten code
Female employees, worldwide, %, latest available

	0	25	50	75	100
Pandora					
Amazon					
Uber					
Facebook					
Apple					
Google					
Microsoft					
Nvidia					

Source: Company reports

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Retention is also difficult. A study in 2014 that tracked women in jobs related to science, technology, engineering and mathematics (STEM) found that half of women had left their professions after 12 years. By comparison, only a fifth of women who work in non-STEM fields leave within 30 years. Female entrepreneurs find it more difficult to secure funding from venture capitalists than their male counterparts do. Elizabeth Holmes, the founder of Theranos, a blood-testing firm which has run into trouble, attracted a lot of hype largely because she was so unusual. And female venture capitalists, who are more likely to fund startups run by women, are the rarest unicorns of all in Silicon Valley.

Transparency about the composition of firms' staff may help with hiring more women. But another place where transparency can make a big difference is pay. The secretive nature of compensation at tech firms, with employees being discouraged from telling their peers anything about their equity grants or cash bonuses, means that women do not know when they are being underpaid, says Pamela Sayad, a San Francisco-based lawyer who specialises in workplace discrimination.

Some companies that have unearthed disparities, including Salesforce, a software firm, and Cisco, a networking company, have pledged millions of dollars to fill wage gaps. But absent disclosure, it can still be hard to see the pay differences in the first place. For years tech executives have talked up the importance of transparency and the power of data for decision-making. They should do a better job of practising what they preach.

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