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Gender Equality Levers at the State-Market Nexus: Bringing Organizations Back In

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Introduction

The evolution from male-breadwinning production economies to post-industrial dual-earning knowledge- and service-based economies necessitated a commensurate shift in states' welfare strategies (Bonoli 2005). Consequently, the European Union and other global regions, inspired by the Nordic model, speak in terms of social investment rather than social protection. Whereas social protection policies aimed to reduce current poverty, social investment policies aim to break the intergenerational cycle of poverty (Jenson 2009). The focus is on a knowledge economy and employment growth, supported by policies enhancing individuals' human capital and labor force participation (Bonoli 2005; Kvist 2014).

Gender is as central to the social investment strategy as it was to the socio-economic revolution that inspired it. Families are less stable, women's time for unpaid family and societal care work is no longer in abundance, and employment no longer insures against poverty at any stage of the life course (Bonoli 2005; Kvist 2014). In turn, gender differences vis-à-vis employment and family life are highlighted in the social investment discourse (Jenson 2009). For example, the European Commission's (EC) 2016-2019 strategic engagement to enhance gender equality aims to reach the EU objective of 75% female labor force participation rate by 2020 with a "comprehensive initiative to address the work-life balance challenges faced by working parents and carers" (European Commission 2016: 10). The language may be gender neutral, but the challenges remain overwhelmingly women's.

Others have already raised concerns that the social investment strategy's emphasis on employment growth reinforces rather than reduces gender inequalities in occupations, wages, and lifetime earnings (Jenson 2009, 2015; Knijn & Smit 2009). In this essay I argue the problem derives from the strategy's focus on enhancing individual human capital, and insufficient attention to the organizational contexts that structure group differences in human capital's rewards. Key elements of the EC's 2016-2019 action plan to enhance gender equality are then contrasted with the organizational processes reinforcing gender and other group inequalities. I con-

clude with suggestions for the necessary research to integrate organizational dynamics into future gender equality action plans.

Gender in Evolving Socio-Economies

Second wave feminism spurred a revolution in which women demanded equal access to the public spheres dominated by men, as well as freedom from the isolation of and responsibility for the unpaid work of the family (Jenson 2015). As a result, the latter decades of the 20th Century witnessed a steady increase in women's educational attainment, labor force participation, and wages relative to men (Cooke & Baxter 2010). To support these changes, fertility and women's unpaid domestic time decreased, whereas men modestly increased their housework and childcare (Cooke & Baxter 2010). The service economy grew to offer low-cost market substitutes for high-skilled women's domestic work, along with employment opportunities for less-skilled women (Cooke 2011). Liberalization of cultural norms along with divorce laws resulted in more single-mother families and an increase in de facto partnerships (Cooke 2011).

These changes created new social risks that strained European welfare states built around the profound gender inequalities of a male breadwinner model (Jenson 2009). The changing economy made reliance on a single household earner risky and increased the number of working families in poverty (Bonoli 2005). Dual-earning couples or single heads of households needed support for balancing employment and family demands (Bonoli 2005). At the same time, aging populations extracted a growing share of state resources for health and pensions, whereas lower fertility rates threatened pay-as-you-go pension schemes as well as future economic growth (Bonoli 2005; Esping-Andersen et al. 2002). By the late 1990s, renowned academics were urging governments to adopt a social investment strategy to manage these new risks (Esping-Andersen et al. 2002; Heckman 2006). Social investment strategies are employment-focused, with policies attempting to increase individuals' human capital and decrease barriers to employment participation.

The Lisbon Strategy for 2000 to 2010 incorporated some aspects of social investment, along with being the first EU strategy to specify employment objectives, including a 60% employment rate for women (European Parliament 2010). To support this, the 2002 Barcelona European Council set tar-

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gets for the expansion of public childcare by 2010¹. These objectives suggest a liberal feminist approach to enhancing gender equality, but ironically the gender equality guideline itself was removed in the wake of the 2005 strategy review (European Parliament 2010, 15). In addition, less than half of the EU member states had met the Barcelona targets by 2010, owing in part to austerity measures after the 2008 financial crisis (European Commission 2014).

Still, the European Commission (2016) claimed success with a 64% average female employment rate in 2014, and the Europe2020 strategy set an ambitious employment target of 75% for women as well as men. As indicated in Table 1, OECD data puts the 2014 average female employment rate in the EU Member States and Norway slightly lower at 61.8%. But a comparison of the average percentage point change in women's employment pre- and post- Lisbon (bottom row) suggests the Lisbon strategy had some success. The increase across countries was 4.9 percentage points between 2000 and 2014, as compared with just 2.7 percentage points between 1990 and 2000.

What Table 1 also reveals are the persistent country disparities in absolute rates as well as their trajectories since 1990. In 1990, the Mediterranean countries and Ireland had female employment rates below 40%, in contrast to rates in excess of 70% in Denmark, Estonia, Finland, and Sweden. And although the over-time trend is one of increase, much of the growth has been in women's part-time employment. This is apparent when looking at the 2000 to 2014 change in women's full-time employment equivalent noted in the final column, which averaged just 2.9 percentage points across the period. This average includes some decrease in women's full-time equivalent employment in Denmark, Finland, Greece, and the Slovak Republic.

More generally, with the exception of Norway, female employment participation has decreased over time in the Nordic countries that serve as the exemplars of a social investment strategy. Neither has the Nordic model eradicated gender wage gaps, which ranged in 2010 from a low of 8 to 9% in Norway and Denmark, respectively, to a high of almost 19% in Finland². These trends raise questions about whether a social investment strategy can achieve the ambitious 2020 employment target, much less gender economic equality. What is missing from the state-market nexus is consideration of the organizations in which employment actually occurs.

Bringing Organizations Back In

Stratification researchers have long acknowledged that individual socioeconomic attainment is embedded within specific structures, including the family, organizations, and nation-states. The widespread availability of individual micro-data has privileged analyses of individual-level determinants as with the social investment strategy, with the cross-national harmonization of such datasets since the 1980s facilitating comparisons of individual effects across socio-political contexts. The cross-national variation in relative gender equality in employment, work hours, wages, and occupations highlights the importance of the institutional con-

text in structuring what Acker (2006) termed gender inequality regimes. Such cross-national comparisons have been used to suggest the types of policies to increase employment, and gender equality in employment (e.g., Esping-Andersen et al. 2002).

Acker's (2006) primary point, however, is that gender inequality regimes are the interlocked practices replicating complex gender, class, and other group inequalities within organizations (see also Acker 1990). Acker is among the structuralists that reject the economic supposition that the labor market efficiently allocates wages according to skill and market demand as assumed by the human capital model. Instead, labor process and new structuralist perspectives coalescing under relational inequality theory (Avent-Holt & Tomaskovic-Devey 2014) assert that wage inequalities result from local social relations that allocate rewards within establishments (Baron & Pfeffer 1994; Tilly 1998). Indeed, organizations, not labor markets, are the site of employment relations, wage-setting, as well as compliance with any national equality directives. In turn, organizations' gender inequality regimes do reflect the surrounding society's politics and culture (Acker 2006). Yet Lazear and Shaw's (2008) comparative study analysing linked employee-employer data revealed significant and similar variation in wage inequalities across firms within divergent socio-political contexts.

What analyses of organizational dynamics reveal is that gender inequalities are seldom produced by firms paying gender wage differentials for the same job; instead, the disparities result from the sorting of women and men into different jobs. These are popularly referred to as glass ceilings (occupational sorting) and glass doors (establishment sorting). For example, analysis of Norwegian register data found that most of the motherhood wage penalty among white-collar workers was accounted for by mothers sorting into lower-paying occupations and establishments (Petersen, Penner & Høgenes 2014). In contrast, Norwegian men's partnership and parental premiums were accounted for by their sorting into higher-wage occupations prior to the family transitions (Petersen et al. 2014).

Similar sorting has been found to account for much of the gender wage gap in other countries (Anderson & Tomaskovic-Devey 1995; Javdani 2015; Petersen and Morgan 1995). Those from a human capital perspective would say these reflect individual choices, even if choice is shaped by family constraints. Correll and her colleagues' (2007) field correspondence study, however, found that employers discriminated against similarly-qualified mothers in callback rates to job applicants.

As highlighted next, serious consideration of organizational sorting is absent from the Commission's 2016-2019 strategic engagement for enhancing gender equality (European Commission 2016). This may account for the slow

¹ Provision of childcare for 33 % of children under 3 and 90 % of children between 3 and mandatory school age.

² Figures from the OECD gender data portal, <http://stats.oecd.org/index.aspx?queryid=54751>, accessed 5 August 2016.

Table 1
Female Labor Force Participation Rates over Time (age 15 to 64).

	1990	1995	2000	ppt Δ 1990-2000	2005	2010	2014	ppt Δ 2000-2014	ppt Δ 2000- 2014 in FTE*
Spain	31.8	32.5	42.0	10.2	52.5	53.5	52.0	10.0	6.2
Italy	36.2	35.4	39.6	3.4	45.4	46.8	47.5	7.9	3.6
Ireland	36.6	41.5	53.7	17.1	58.2	56.0	56.4	2.7	0.4
Greece	37.5	38.0	41.7	4.2	46.0	48.0	41.1	-0.6	-1.9
Belgium	40.8	45.4	51.5	10.7	53.8	56.5	57.9	6.4	6.0
Luxembourg	41.4	42.2	50.0	8.6	53.7	57.2	60.5	10.5	8.6
Netherlands	47.5	53.9	62.7	15.2	64.1	69.4	68.1	5.4	3.1
Hungary	45.9	45.9	49.6	3.7	51.0	50.2	55.9	6.3	5.0
France	50.9	52.0	54.8	3.9	58.4	59.7	60.9	6.1	5.6
Poland	51.8	51.8	48.9	-2.9	47.0	52.6	55.2	6.3	6.7
Germany	52.2	55.3	58.1	5.9	59.6	66.1	69.5	11.4	6.6
Slovak Republic	53.0	53.8	51.5	-1.5	50.9	52.3	54.3	2.8	-0.2
Latvia	53.8	53.8	53.8	0.0	58.2	59.0	64.3	10.5	6.9
Portugal	53.9	54.0	60.5	6.6	61.6	61.0	59.6	-0.9	0.4
Slovenia	58.4	58.4	58.4	0.0	61.3	62.6	60.0	1.6	-2.2
Austria	58.9	58.9	59.4	0.5	61.1	65.7	66.9	7.5	1.4
Czech Republic	61.0	61.0	56.9	-4.1	56.3	56.3	60.7	3.8	2.6
UK	62.8	62.5	65.6	2.8	66.7	65.3	67.8	2.2	3.0
Switzerland	66.0	66.0	69.3	3.3	70.4	72.5	75.1	5.8	4.1
Norway	67.2	68.8	74.0	6.8	72.0	73.3	73.4	-0.6	1.2
Denmark	70.6	67.0	71.6	1.0	71.9	71.1	69.8	-1.8	-4.6
Estonia	71.9	60.6	57.3	-14.6	62.8	60.7	66.2	8.9	6.9
Finland	71.5	59.0	64.5	-7.0	66.5	66.9	67.9	3.4	-0.8
Sweden	81.0	70.9	72.2	-8.8	71.8	69.7	73.2	1.0	1.5
<i>AVERAGE</i>				2.7				4.9	2.9

Source: OECD stats; *indicates change in full-time equivalent (FTE) employment rates between 2000 and 2014, except for the Czech Republic, Finland, Sweden, where it is the change between 2005 and 2014.

progress in narrowing gender wage, earnings, and pension gaps, as well as the proportion of women in senior decision-making positions. A larger concern is that some of the key action plans have been shown to exacerbate sorting.

The 2016-2019 EU Strategy vis-à-vis Organizations

Two priorities in the Commission's 2016-2019 strategic plan are to reduce gender pay, earnings, and pension gaps and, relatedly, increase economic independence for women and men (European Commission 2016). The strategy for reducing the pay gaps includes the only nod to sorting in the document, with an objective of reducing gender inequalities in sectors and occupations (European Commission 2016, 24). The specific action plans, however, focus on increasing today's and future women's human capital to compete in male-dominated sectors: "use the Grand Coalition for Digital Jobs to support measures enhancing women's and girls' digital

skills and promoting female employment in the ICT sector and awareness-raising on educational and vocational training choices" (European Commission 2016, 25).

Reducing gender differences in skills is an important long-term element of reducing gender economic inequalities. However, doing so will only serve to frustrate women—and perhaps induce a female brain-drain from Europe—if women remain blocked from jobs and firms that utilize and reward these skills accordingly. The employment action plans for increasing women's economic independence do not address these sorting barriers. Instead, the action plans primarily aim to achieve and extend the Barcelona targets for public provision of care, introduce new leave and flexible work arrangements, and encourage more equal use of these by men and women (European Commission 2016, 10-11).

The problem with these action plans vis-à-vis organizational dynamics is that the greater availability of such policies increases high-skilled women's exclusion from lucrative private sector occupations as compared with women in coun-

tries with less or no policy supports (Mandel and Semyonov 2006). Other research finds employers stigmatize workers when they use available flexibility options, with the penalties harshest for professional men (Williams, Blair-Loy & Berdahl 2013).

These findings highlight the persistence of an ideal worker model within organizations as an inherently masculine worker unencumbered by familial responsibilities (Acker 1990). The action plans to encourage men to assume more unpaid care tasks or take more available family leave offer no suggestions for changing this organizational norm that discourages men from doing so. This may contribute to the time diary finding that the increase in men's unpaid domestic work across countries stalled in the late 1980s or 1990s (Kan, Sullivan & Gershuny 2011, 236). Without attending to organizational dynamics, the current action plans cannot reach their stated goals, and women and their children will continue to be at greater risk of poverty.

Conclusions

Gender equality has been at the heart of the European Union agenda since the Treaty of Rome and the rhetoric of it remains in the social investment strategy. Enhanced human capital and policies for reconciling work and family, however, create a two-legged equality stool. Action plans need to address the critical third leg of organizational processes that structure group differences in returns to human capital, in part by sorting workers. The legislative route to combat discriminatory sorting is positive discrimination, which is allowed under the 2006/54/EC directive on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation. Yet many countries have argued against positive discrimination because in principle it violates men's rights to equality (Cooke 2011).

As a small but critical first step, the Commission should draw on the growing availability of linked employee-employer panel data as analysed in Lazear and Shaw (2008) to better understand which organizational factors narrow group and particularly gender differences in the rewards to human capital when fashioning the strategy for 2020 and beyond. Only then can a fuller suite of action plans be developed to achieve not only high-skilled employment growth, but also more equal sharing of its rewards.

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