

Family Policies, Wage Structures, and Gender Gaps: Sources of Earnings Inequality in 20 Countries

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This study uncovers an unexpected effect of family-friendly policies on women's economic attainments. Using hierarchical linear models, the analysis combines individual-level data (obtained from the Luxembourg Income Study) with country-level data (obtained from secondary sources) to evaluate the effects of family policies on gender earnings inequality across 20 advanced societies. The analysis shows that gender earnings disparities are less pronounced in countries with developed family policies. However, the findings also show that if cross-country differences in the wage structure are controlled, the underlying effect of family policy on the gender gap is exposed. Although "mother-friendly" policies enable more women to become economically active, they exacerbate gender occupational inequality. The authors therefore conclude that the lower earnings differentials between men and women in developed welfare states should be attributed to their more egalitarian wage structures rather than to their family policies. The paradoxical implications of policies intended to reconcile paid and unpaid work as well as the mechanisms that cause these policies to widen the gender earnings gap are discussed and evaluated in light of sociological theories on the role of family policy and wage determination institutions in contemporary societies.

Students of social stratification and inequality have traditionally used individual-level variables to examine the unequal distribution of socioeconomic rewards between economically

active men and women. Recently, researchers have begun studying patterns of gender economic inequality within a cross-national comparative perspective (Blau and Kahn 1995, 1996, 2000; Gornick 1999; Rosenfeld and Kalleberg 1990, 1991). The growing body of research on this issue has uniformly found that women are economically disadvantaged in all countries. Nevertheless, the size of the disadvantage varies considerably across national labor markets (Gornick 1999; Orloff 2002; Rosenfeld and Kalleberg 1990, 1991).

Variations in the gender earnings gap across countries are systematically associated with structural characteristics of national labor markets, and especially with the extent to which the labor market is regulated. In general, the earnings gap between men and women tends to be more pronounced in the liberal market economies of English-speaking countries than in the corporatist economies of Continental

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Europe and Scandinavia (Gornick 1999; Rubery et al. 1997). As compared with liberal market economies, the corporatist economies tend to be characterized by more generous social policies (which protect workers' social rights), by more developed family policies (which support mothers' economic activities and employment rights), and by more comprehensive coverage of collective agreements (which protect workers' earnings and work conditions). These differences may lead to the conclusion that both enactment of social and family policies and the presence of a corporatist wage-determination system are likely to diminish economic inequalities between men and women.

In this article, we contend that this seemingly straightforward conclusion regarding the relationship between family policies and gender earnings inequality is deceptive. In the following discussion, we argue and are able to demonstrate that the lower gender earnings gaps that characterize well-developed welfare states should be attributed to the centralized wage determination that characterizes these countries rather than to family policies. We suggest that family policies, while providing women with better opportunities to join the labor force and enhancing their economic independence, also limit their occupational opportunities and earnings capacity. Thus, family policies are likely to increase rather than decrease earnings gaps between men and women. The unintended paradoxical consequences of family policies are mitigated, however, by the more egalitarian wage structure that characterizes well-developed welfare states.

Surprisingly, whereas the effects of wage-determination systems on gender earnings inequality have been evaluated and discussed (Blau and Kahn 1995, 1996, 2000; Rubery et al. 1997; Wallerstein 1999), little, if any, systematic research has examined the intended and unintended consequences of social policies, particularly family policies, for gender-based earnings inequalities. This neglect is unfortunate considering the growing interest in the impact of welfare state interventions on inequality in general and gender inequality in particular.

We address this lacuna by combining two bodies of knowledge. First, we refer to studies of wage-determination systems and their association with the gender earnings gap. Second, we draw on literature on welfare states and

mothers' employment to formulate theoretical claims regarding the impact of family policies on women's economic attainment. To test our theoretical expectations we apply data from 20 countries to the hierarchical linear model procedure. This method allows us to eliminate alternative explanations for gender earnings differentials by simultaneous analysis of individual- and country-level effects (Bryk and Raudenbush 1992). In our case, we seek to estimate the net effects of family policies at the country level on gender earnings disparities while controlling at the individual level for cross-national differences in the sociodemographic composition of the economically active labor force.

THEORETICAL CONSIDERATIONS

THE IMPACT OF FAMILY POLICIES

The cluster of policies targeted to aid families are often viewed as the major mechanism through which welfare states reduce the conflict between women's aspirations to achieve economic independence and their traditional family roles. Such policies comprise a variety of services and benefits provided by the state to meet the needs of families with children. Especially notable are maternity leave benefits and the availability of publicly-funded child care facilities. In this paper, we use the concepts of "welfare state interventions" and "family policies" synonymously to encompass a broad range of state interventions that support mothers' employment. We enlarge the conventional understanding of the term "family policies" by including an additional state intervention: the role of the welfare state as an employer. In its roles as employer, service supplier, and legislator of family policies, the state directly intervenes to support women's labor market activity by freeing women from the burden of family obligations and providing them with employment opportunities in the labor market. Hence, these interventions often are said to be "women-friendly" policies.

The variation in family policies across countries has been extensively studied. Although the relationships between family policies and women's labor force participation are quite complex, previous studies support the argument that these policies enable more women, especially mothers of young children, to join the

economically active labor force (Daly 2000; Esping-Andersen 1999; Gornick and Meyers 2003; Korpi 2000). The Scandinavian countries are typically singled out as the main illustration for this argument. Specifically, in these countries child care facilities are publicly funded or heavily subsidized, and maternity leaves are long and accompanied by full benefits. In addition, reduced working hours have become a common working arrangement, and paid leave is available to mothers caring for sick children (Esping-Andersen 1999; Gornick and Meyers 2003; Orloff 2002). These activities reduce the conflict between family roles and commitment to work, and allow more women to join the economically active labor force.

Paradoxically, although family-friendly policies enhance women's economic independence by facilitating their participation in the paid economy, employment-supportive policies, mostly used by mothers, "threaten to recreate earlier forms of gender inequality in a new form" (Jacobs and Gerson 2004:111). Indeed, whereas women's economic dependency has been significantly reduced by their impressive levels of involvement in paid work, other forms of gender inequality have become dominant in labor markets with high rates of female labor force participation. For example, gender-based occupational segregation and occupational inequality actually are more pronounced in the women-friendly Scandinavian labor markets than in the liberal market economies of the United States and Canada (Chang 2000; Jacobs and Lim 1992; Mandel and Semyonov 2006; Wright, Baxter, and Birkelund 1995). Likewise, employers' reluctance to hire and promote women to high-status, highly paid jobs is abundantly evident in the Scandinavian labor market (Hansen 1995, 1997; Hernes 1987; Holmwood 1991; Persson and Jonung 1998). Such observations give rise to unexpected yet intriguing implications of family policies for women's economic achievements, and call for a more thorough discussion and systematic analysis of the potentially inegalitarian consequences of these policies.

FAMILY POLICIES, ECONOMIC DISCRIMINATION, AND OCCUPATIONAL SEGREGATION

Long parental leaves, reduced working hours, and tolerance toward absenteeism from work all

are examples of family policies that, while increasing female participation and strengthening women's ties to the labor market (Organisation for Economic Cooperation and Development [OECD] 2001), could also harm their economic attainments either directly, by lowering their labor market experience and time devoted to paid work, or indirectly by encouraging employer discrimination.

Although the main objectives of family policies are to facilitate women's employment and to protect their rights, long absence from paid employment may reduce women's earning capacity by lowering their employment continuity and work experience. Mothers, not fathers, are most likely to use parental leaves and to reduce time devoted to paid work when children are young. Thus, long parental leaves are likely to lower women's work experience and undermine their earnings capacity.¹

The implementation of employment-supportive family policies is also likely to limit women's economic opportunities by increasing employers' tendency to practice discrimination against them. Family policies that allow long absence from work or reduced working hours during childrearing may discourage employers from hiring women to positions requiring costly qualification and training periods. This, in turn, would decrease their ability to compete successfully with men for powerful and high-paying jobs. Hansen (1995:3) has convincingly argued that "if women have social rights that do not apply to men or are seldom used by men, and the practices of these rights are unprofitable for the employers, employers may choose to discriminate against female job applicants."

Following this line of logic, we suggest that in labor markets in which women are "protected" by legislation supporting their absence from

¹ Policies that promote part-time employment or allow a shortened working day for mothers of young children may similarly enlarge the gender wage gap. However, there is no evidence relating cross-national differences in the gender gap in working hours to the prevalence of family policies. For example, in Sweden, France, and the United States, countries that differ significantly in their family policies, the ratio of wives' to husbands' working time is similar (although in the United States, both men and women are overworked, as compared with all other countries) (Jacobs and Gerson 2004).

work or reducing their working hours, employers will be reluctant to hire women and promote them to lucrative and prestigious jobs that often require high training costs. This, in turn, will have detrimental consequences for women's overall earnings capacity (Tomaskovic-Devey and Skaggs 1999, 2002; see also Asplund 1998; Hemstrom 1998; Longva and Strom 1998; and Naur and Smith 1998 for specific discussion of the Scandinavian labor markets).

A different set of arguments links family policies to gender occupational segregation by concentrating on the increased demand for female labor associated with welfare state expansion. Specifically, state-sponsored family services such as child care facilities, educational institutions, and institutions for elder care all are part of the massive growth in social services that has characterized the rise of the welfare state in the past four decades. Because the majority of jobs in the social service sector are "female-demanding" occupations, the expansion of this sector in all welfare regimes is associated with new job opportunities for women, mostly in "female-typed" occupations (Esping-Andersen 1999; Kolberg 1991; Rein 1985).

Moreover in most countries, especially those with progressive family policies, the implementation of social services is initiated, organized, and controlled by the state, and hence operates within the public sector. The public sector has been recognized as one of the most attractive employment sites for women, especially mothers, mainly because of its protective nature, flexible working hours, and greater tolerance of absenteeism (Alestalo, Bislev, and Furaker 1991; Esping-Andersen 1990; Kolberg 1991).

However, the nature of the jobs and the convenient work conditions available in the public service sector do not appear to enhance the economic opportunities of women in terms of occupational positions and earnings. Rather, they appear to reinforce women's tendency to compromise on convenient working conditions in female-typed jobs and to deter them from attaining high-paying positions. In short, although the expansion of social and care services provides women with new job opportunities, thereby enabling more women to join the economically active labor force, it seems to channel them in disproportionate numbers to

female-typed jobs and away from more lucrative and powerful positions.

In practice, these two mechanisms—discrimination by employers and a high concentration of women in female-typed occupations—are not mutually exclusive, but rather complementary. Women's job preferences cannot be detached from employers' behavior and labor market opportunities. Where employers are reluctant to hire women to powerful and lucrative positions, it is less likely that women will be motivated to compete with men for such positions. On the other hand, labor markets with a large public service sector, which offers employment protection and convenient working conditions, are more likely to attract women. Altogether, the combined effect of employer discrimination on the one hand and attractive job conditions in the public sector on the other hand is expected to result in underrepresentation of women in highly paid positions in countries with well-developed family policies.

Gender occupational segregation and the exclusion of women from lucrative jobs have long been viewed in the sociological literature as core determinants of the gender wage gap (England 1992; Jacobs 1989; Peterson and Morgan 1995; Tilly 1998; Tomaskovich-Devey 1993). Recent studies by Cohen and Huffman (2003a, 2003b) highlight the devaluing effect of occupational segregation on women's earnings and demonstrate that the economic penalty for jobs with a high proportion of women is significantly heavier in segregated labor markets. Whereas Cohen and Huffman (2003b:901) underscore "the importance of macro-level conditions in the determination of inequality" by focusing on segregation levels, our research stresses the role of family policies as a contextual factor that affects occupational segregation and gender earnings inequality alike. In so doing we are able to better understand the underlying mechanisms that contribute to gender inequality in the labor markets of advanced societies.

The literature we have discussed thus far explores the implications of welfare state interventions for women's labor market achievements. Specifically, the argument to this point leads us to expect that gender earnings inequality is more pronounced in well-developed welfare states that promote policies supporting women's employment. Curiously, however, this

theoretical expectation runs contrary to what we know about gender earnings inequality across countries. The empirical data cited earlier indicate that the gender earnings gap actually is *lower* in developed welfare states than in countries characterized by liberal market economies (Gornick 1999; Rosenfeld and Kalleberg 1990, 1991; Rubery et al. 1997). Consequently, it appears that the lower gender earnings disparities in developed welfare states cannot be attributed either to the implementation of family policies or to the large public sector that characterizes such regimes.

AN ALTERNATIVE EXPLANATION: THE WAGE STRUCTURE

Both family policies and a large public sector are products of the welfare state. As such, they also are connected to other core socioeconomic arenas such as the system of industrial relations (Ebbinghaus and Manow 2001). Specifically, whereas industrial relations in well-developed welfare states tend to be corporatist in nature, and hence characterized by centralized collective bargaining, strong trade unions, and a high degree of coordination, industrial relations in liberal states are characterized by decentralized systems of wage bargaining, weak unions, and a low degree of coordination (Esping-Andersen 1999; Fortin and Lemieux 1997; Gottschalk and Smeeding 1997). As a result, low-paid labor is more protected and the wage ceiling is more restricted in corporatist political economies. Indeed, studies examining the impact of wage-determination systems on overall earnings inequality clearly show that pay differentials tend to be lower in corporatist than in liberal countries (OECD 1997; Rowthorn 1992; Wallerstein 1999; Western 1998).

Although wage negotiations are not aimed directly at minimizing earnings differentials between men and women, the institutional structure of wage determination significantly affects gender earnings inequality by reducing overall wage inequality. Centrally determined systems, in contrast to deregulated wage-setting institutions, produce smaller gender wage gaps because they decrease interindustry and interfirm wage differentials, which explain a significant portion of male-female wage gaps (Blau and Kahn 1996). Moreover, because in all coun-

tries women are more likely than men to be employed in low-wage jobs and occupations, centralized wage systems that raise minimum pay levels and restrict wages at the top are also expected to decrease wage disparities between men and women. Put differently, any reduction in the dispersion of the earnings distribution benefits workers in its lower tail, most of whom are women, and reduces the earnings of workers in its upper tail, most of whom are men (Blau and Kahn 1995, 1996, 2000; Gornick 1999; Rubery et al. 1997).

In a series of studies, Blau and Kahn (1995, 1996, 2000) highlighted the importance of the overall level of earnings inequality (the “wage structure”) in explaining cross-country variation in gender wage gaps. Their studies suggest that the relatively high gender gap in the United States should be attributed to America’s deregulated wage-setting institutions rather than to gender-specific policies or gender differences in workers’ characteristics. They go on to show that if the United States had a more equal wage structure, its gender wage gap would be similar to that in countries with lower gender gaps (Blau and Kahn 1996). Following this line of reasoning, we expect gender earnings inequality to be less pronounced in countries characterized by centralized systems of pay determination than in countries with decentralized systems such as the liberal-market economies.

Paradoxically, then, the two bodies of literature reviewed in this discussion generate two alternative, even contradictory, theoretical expectations regarding earnings inequality between men and women across welfare state regimes. On the one hand, we expect protective family policies to increase earnings disparities between men and women via greater occupational segregation and employer discrimination. On the other hand, earnings disparities between men and women should be less pronounced in countries with developed family policies, because of the centralized wage determination system that characterizes such countries.

Because the most developed welfare states have both extensive family policies and centralized wage systems, it is difficult to disentangle the unique effect of each factor on gender earnings inequality. To discover whether the lower earnings disparities between men and women that characterize well-developed welfare

states are a result of developed family policies, which we doubt, we need to control for the consequences of wage centralization, namely the overall degree of wage inequality. Hence in the empirical examination that follows, we introduce, aside from a nominal earnings measure, a standardized measure of earnings that effectively eliminates cross-national differences in overall earnings inequality.

METHOD OF ANALYSIS, DATA, AND VARIABLES

Data for the current analysis were obtained from the Luxembourg Income Study (LIS),² which serves as an archive for comparable micro-datasets for a large number of countries, and from a variety of secondary sources. The analysis we report was restricted to the 20 countries that provided detailed information on demographics, labor market attributes, and earnings of more than 70,000 working individuals, aged 25 to 60 years, from the most recent LIS data waves, and for which detailed information on family policies at the country level was also available.

To estimate the net effect of welfare state interventions on the gender wage gap we use indicators that capture welfare state interventions at the country level in addition to a series of individual-level variables. The individual-level variables are divided into two groups. The first group is introduced into the equations to control for cross-national differences in the composition of wage-determining characteristics. These individual-level variables are uniformly recoded as follows: gender (men coded as 1), marital status (married coded as 1), education (college degree coded as 1), age (in years), and weekly working hours.

² Because Denmark and Norway do not provide information on weekly working hours in the LIS data, we use the following external sources for these two countries: the Danish Leisure Study (1993) and the Norwegian Level of Living Survey (1995). For Denmark, we computed the segregation variables using the LIS data.

³ Because of memory problems associated with the application of the HLM procedure to LIS data, we limited our sample to a maximum of 5,000 cases in each country.

The second type of individual-level variables is introduced into the analysis to test the underlying mechanisms through which welfare state interventions widen the gender wage gap. Specifically, we introduce indicators that capture the selectivity of the female work force, the crowding of women into female-typed occupations, and the representation of women in high status and highly paid managerial positions. A measure of selectivity is included to assess the economic implications of women's self-selection into the labor force, in terms of their probability of labor force participation (LFP). These probabilities are estimated using logistic regression equations predicting the odds of employment in each country as a function of gender, marital status, age, education, and the presence of preschool children (Heckman 1979). To test the economic cost associated with selectivity for women, we also include in the analysis an interaction term between these probabilities and gender (probability of LFP \times women).

The economic cost associated with women's occupational positions is measured by two indicators. The first, female-typed occupations (coded as 1),⁴ is introduced into the model to estimate the wage penalty attached to female-typed occupations. The second, "managerial positions" (coded as 1),⁵ allows us to measure the wage premium attached to powerful, highly paid occupations such as managerial jobs. As claimed at the theoretical outset of this article, low selectivity of women into the labor force and barriers to occupational achievement are the mechanisms through which family policies

⁴ We use two combined criteria for designating female-typed occupations at the two-digit level in each country. Occupations in which the proportion of women is both more than 150% of their share of the labor force, and statistically different from the proportion of men (at a significance level of $p < .01$), are coded as female-typed. Because some countries do not provide detailed occupational categories, data for this variable were available for only 14 countries.

⁵ In each country, managerial positions are defined according to the occupational classification (LIS variable "pocc") combined with the LIS variables "pactiv" and "ptypewk," which provide information on occupational activity in some countries. Except for Denmark, data on managerial occupation were available for all countries.

affect the gender wage gaps. Both are influenced by family policies and are expected to affect earnings inequality between men and women.

The dependent variable in the analysis, annual earnings, is defined once in nominal terms and once in standardized terms to differentiate between family policy and wage structure effects. The nominal measure is expressed in terms of the logarithmic transformation of the local currency. The standardized measure is a percentile ranking scale on which individuals are ranked in each country according to their relative earnings on a standardized (percentile) earnings ladder (Gornick 1999). By being sensitive to relative ranks rather than the absolute wage, this procedure eliminates cross-national differences in the length of the ladder (i.e., the level of overall wage inequality).

From a theoretical point of view, we are interested in the effect of welfare state interventions (aimed to facilitate women's employment) on gender earnings inequality. Thus, the key independent variable used in the analysis is the Welfare State Intervention Index (WSII). The WSII is designed to capture the scope of family policies and public social service employment in each country. Following previous researchers (Gornick and Meyers 2003; Korpi 2000; Wilensky 2002), we rely on two indicators that represent the scope of family policies in each country: the number of fully paid weeks of maternity leave (number of paid weeks multiplied by the replacement rate during the leave) and the percentage of preschool children in publicly funded child care facilities. In addition, we include a third indicator—percentage of the total work force employed in the public social service sector (Health, Education, and Welfare)—to measure the availability of public services provided by the state and the role of the welfare state as an employer. Data for construction of the WSII are obtained from a variety of secondary sources. They are detailed in Table S1 together with the values of the WSII and its three components (see Table S1 on the *ASR* Online Supplement: <http://www2.asanet.org/journals/asr/2005/toc048.html>).

The three components of the WSII capture somewhat different forms of intervention through which the state supports the employment of women. Maternity leave policy indicates the benefits and protection the state offers to

working mothers. Publicly funded child care facilities and the size of the public welfare sector capture the prevalence of social services provided by the state that facilitate the employment of mothers and generate demand for female labor. Because each of these components could potentially have a different effect on the gender wage gap, we also estimate the unique effect of each on earnings differentials. Nevertheless, we believe that when combined into an index, the three components measure a broad phenomenon that represents more than the unique effect of each one of them. The WSII, constructed from the single principal component yielded by a factor analysis,⁶ was scaled to range between 0 and 100.

THE MODEL

The effects of national-level characteristics on individual-level outcomes can be conveniently evaluated via the use of a hierarchical linear model (HLM), a statistical procedure enabling net effects to be estimated at one level of analysis while controlling for variation at another level. This procedure thus enables us to estimate country-level effects while controlling for cross-country variations in the composition of individual-level characteristics⁷ (Bryk and Raudenbush 1992).

Our two-level model can be represented by a set of equations, as follows:

$$(\text{earnings})_{ij} = \beta_{0j} + \beta_{1j}(\text{gender})_{ij} + \beta X + \varepsilon_{ij} \quad (1)$$

⁶ All three indicators are highly and positively correlated, as reflected in their factor loadings: WSII = 0.849 × MATERNITY + 0.712 × CHILD CARE + 0.875 × PUBLIC SOCIAL SERVICES (variance explained 66.4%). Indeed, the high intercorrelations among the three components reinforce the validity of the index as a whole.

⁷ For instance, the proportion of working women with a college education exceeds the proportion of college-educated men in some countries, but falls below it in others. Differences in the average gender wage gap across countries may partly reflect variations in the educational gender gap. By controlling for education in level 1, we eliminate this possible effect (i.e., the wages of males and females with the same level of education in all countries are compared).

At the individual level, the dependent variable is the annual earnings of individual i in country j , and β_{0j} is the intercept denoting the average earnings. "Gender" denotes whether the employee is male (coded as 1) or female (coded as 0), and its coefficient β_{1j} represents the average gender wage gap. The vector X denotes other individual-level explanatory variables (i.e., marital status, education, age, and weekly working hours), β denotes their coefficients, and ϵ_{ij} is the error term. This equation allows the intercept, β_{0j} , and the gender effect, β_{1j} , to vary across countries (i.e., to be random) while the effects of all the other variables are constrained to be the same across countries (i.e., to be fixed). At the second level, country-level characteristics (in this case WSII) explain these random effects, as presented in equations 2 and 3:

$$\beta_{0j} = \gamma_{00} + \gamma_0(\text{WSII}) + \nu_{0j} \quad (2)$$

$$\beta_{1j} = \gamma_{10} + \gamma_1(\text{WSII}) + \nu_{1j} \quad (3)$$

In equation 2, β_{0j} denotes countries' average earnings, WSII is the Welfare State Intervention Index, and γ_0 denotes its coefficient, whereas ν_{0j} is the error term. Our main interest is in equation 3, which represents the interaction between gender and earnings. The dependent variable, β_{1j} , denotes the average earnings gap between men and women in each country, while the WSII is introduced to explain this variation across countries. A negative sign of γ_1 in this equation indicates that gender earnings gaps tend to decrease with an increase in the WSII score. All three equations are simultaneously estimated.

ANALYSIS AND FINDINGS

DESCRIPTIVE OVERVIEW

Table 1 lists the distribution of the WSII (column 1) and the net gender earnings gap in terms of both logged local currency (column 2) and percentiles (column 4). We also add the countries' ranks on both measures of the wage gap in ascending order (columns 3 and 5) and the differences between these ranks (column 6).

The data clearly show that the Scandinavian social democracies (Sweden, Norway, Denmark, and Finland), together with Israel, are at the top of the distribution, whereas countries associated with the liberal welfare regime (the

English-speaking nations and Switzerland) are at the bottom. Countries representing the conservative welfare regime (e.g., Italy, Luxembourg, Belgium), together with the two East European states included in our sample, are in the middle of the distribution. The high correlations of the WSII with previous indices⁸ and its affinity with Esping-Andersen's (1990, 1999) typology for classifying welfare state regimes strengthens our confidence in the ability of the WSII to capture the scope and essence of state interventions that support women's employment.

Gender earnings inequalities are substantial in all countries. The data displayed in column 2 suggest that net of education, marital status, age, and working hours in an average country, the logged gender earnings gap is .26. This implies that the average wage of men is higher by approximately 26% than the average wage of women with identical characteristics. There is, however, considerable variation around this mean (the standard deviation is .10). In some countries disparities are rather moderate, whereas in many others they are extreme. More specifically, net gender earnings inequalities are most pronounced in the Netherlands (.48) and Germany (.46) and least pronounced in Hungary (.12), Italy (.15), and Finland (.17).

When differences in wage structure across countries are eliminated by expressing the gender earnings gaps in terms of percentile rankings (listed in column 4), the distribution is notably different from that observed in the previous column. Hungary remains the most egalitarian country, followed by Israel and France, where the percentile earnings gap between men and women is less than 10 percentiles. These gaps are twice as large in the Netherlands, Germany, Switzerland, Denmark, Norway, and Sweden (about 20 points). Whereas gender differences in the Netherlands and Germany are high on both measures, the gap in Sweden is

⁸ For example, the Spearman correlation between the WSII and rank on Korpi's Dual Earner policy scale is $r = 0.95$ (Korpi 2000, Table 2). The Pearson correlation between the WSII and the Gornick-Meyers' index of family policy that affects families with children under the age of 6 years is $r = 0.92$ (Gornick and Meyers 2003, Table C.3, Index A).

Table 1. Distribution of Welfare State Intervention Index and of Indicators of Earnings Gaps between Economically Active Men and Women in 20 Countries

| Country | (1) | (2) | (3) | (4) | (5) | (6) |
|-----------------------|-------|-----------------------------------|------|--------------------------------------|------|-------------------------------------|
| | WSII | Net Gaps in Log Wage ^a | Rank | Net Gaps in Percentiles ^a | Rank | Difference in Ranks (Col. 5–Col. 3) |
| Hungary | 49 | .12 | 1 | 9 | 1 | 0 |
| Italy | 40 | .15 | 2 | 12 | 6 | 4 |
| Finland | 57 | .17 | 3 | 15 | 11 | 8 |
| Belgium | 49 | .18 | 4 | 15 | 12 | 8 |
| Denmark | 93 | .19 | 5 | 20 | 17 | 12 |
| France | 48 | .19 | 6 | 10 | 3 | -3 |
| Israel | 56 | .20 | 7 | 10 | 2 | -5 |
| Czech Republic | 29 | .23 | 8 | 17 | 14 | 6 |
| Austria | 22 | .24 | 9 | 16 | 13 | 4 |
| Sweden | 100 | .25 | 10 | 21 | 20 | 10 |
| Australia | 2 | .26 | 11 | 14 | 9 | -2 |
| Norway | 73 | .28 | 12 | 19 | 15 | 3 |
| Canada | 9 | .29 | 13 | 11 | 4 | -9 |
| Ireland | 18 | .30 | 14 | 13 | 7 | -7 |
| Luxembourg | 30 | .32 | 15 | 14 | 8 | -7 |
| United States | 3 | .33 | 16 | 12 | 5 | -11 |
| Switzerland | 0 | .36 | 17 | 19 | 16 | -1 |
| United Kingdom | 27 | .37 | 18 | 14 | 10 | -8 |
| Germany | 20 | .46 | 19 | 20 | 18 | -1 |
| Netherlands | 26 | .48 | 20 | 21 | 19 | -1 |
| Mean | 38 | .26 | 11 | 15 | 11 | — |
| Standard Deviation | 28 | .10 | — | 3.92 | — | — |
| Range | 0–100 | .12–.48 | — | 9–21 | — | — |
| <i>r</i> _p | | | | | | |
| with 90/10 ratio | — | — | — | — | — | -.73 |
| with 80/20 ratio | — | — | — | — | — | -.73 |
| with 90/50 ratio | — | — | — | — | — | -.79 |
| with WSII | — | -.48 | — | .23 | — | .68 |

Note: Ages 25–60 years. WSII = Welfare State Intervention Index; *r*_p = Pearson correlation coefficient.

Source: LIS (1991–2000).

^a After controlling for age, education, marital status, and weekly working hours.

considerably higher on the standardized (percentile) distribution (see column 6). Similar to Sweden, earnings gaps in Denmark, Finland, and Belgium are notably higher on the standardized distribution than on the nominal one. By way of contrast, net gender earnings gaps in the liberal economies (i.e. United States, United Kingdom, Canada, and Ireland) become considerably lower when calculated in percentiles.

Thus, as expected, the extent of overall wage inequality strongly affects gender earnings

inequality. Countries with egalitarian earnings distributions exhibit lower gender gaps when earnings are measured in nominal terms. However, gender gaps in the same countries become much larger when the wage structure is controlled (i.e., when the standardized wage measure is used). The effect of standardizing the earnings distribution can be summarized by correlations between the difference in ranks on our two measures (Table 1, column 6) and standard ratios of overall pay dispersion (90/10,

Table 2. Effects of Individual and Country-Level Variables on Earnings

| | Model 1 | Model 2 |
|-------------------------------------|-------------------------|----------------------|
| | Natural Log of Earnings | Earnings Percentiles |
| Individual-level effects | | |
| Intercept | 9.12** | -13.77** |
| Married | .05** | 3.60** |
| College degree | .39** | 19.71** |
| Age | .01** | .38** |
| Weekly Working Hours | .03** | .89** |
| Gender (men = 1) | .33** | 14.07** |
| Country level effect, WSII | | |
| on the intercept | .14 (1.72) | -1.95 (2.60) |
| on the gender wage gap ^a | -.19** (.07) | 2.50 (3.20) |
| χ^2 | 139,304** | 788** |
| N (individual) | 72,440 | 72,440 |
| N (country) | 20 | 20 |

Note: Results from hierarchical linear models. Ages 25–60 years. Standard Error in parentheses. WSII = Welfare State Intervention Index.

Source: LIS (1991–2000).

^a The WSII values were divided by 100; the coefficient indicates the differences in the gender wage gaps (in logs or percentiles) between a country placed at the bottom of the WSII compared to a country at the top.

* $p < .05$; ** $p < .01$ (one tailed test).

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80/20, and 90/50).⁹ These correlations are strong and negative across countries (at least $r = -.73$), confirming the importance of the wage structure for gender inequality. The next section elaborates on this finding and its significance.

MODEL ESTIMATION

Table 2 displays the results of two HLM regression equations that examine the effect of family policy on the gender earnings gap. The first equation estimates the effect of the WSII and individual-level characteristics on logged earnings. The results are consistent with our predictions and with previous studies of earnings determination. Specifically, Model 1 shows that net of all other variables, men's earnings are higher than women's earnings across countries. The results also show that earnings are likely to

be higher among married persons¹⁰ and those who hold a college degree, and to increase with age and working hours. At the country level, the effect of WSII on gender inequality is negative and significant ($b = .19$; $p = .01$), implying that the gender earnings gap tends to be lower in countries characterized by developed family policies.

To concretize the apparent negative relationship between our index of policy and the net gender gap, we compute the correlation across countries between the WSII and the net gender

¹⁰ The effects of marital status are substantially different for men and women ($b = 0.17$, $b = -0.07$, respectively, for the log earnings, and $b = 9.01$, $b = -1.96$ for the percentile earnings distribution). Nevertheless, we chose not to include an interaction term in our models because it would alter the meaning of the dependent variable at the second level, and because we have no theoretical interest in examining the effects of the individual-level characteristics per se. It is worth noting, however, that inclusion of the interaction term does not change the pattern of the results presented by the models.

⁹ Country-specific pay ratios are available online (see Table S2 on the ASR Online Supplement: <http://www2.asanet.org/journals/asr/2005/toc048.html>).

gaps listed in column 2 of Table 1. The correlation is negative, substantial ($r = -.48$), and significant, indicating that when measured in logged wages (i.e., preserving the original wage distribution), the net gap in earnings between economically active men and women tends to be smaller in countries characterized by developed family policies. For example, taking two extreme cases, the WSII score is 3 for the United States and 93 for Denmark, and their net gender gaps in percentile terms are 33% for the former versus only 19% for the latter.

In the theoretical introduction, we hypothesized that the apparent negative effect of family policy on the size of the gender earnings gap results from differences in overall wage equality across countries. Because gender earnings gaps are lower in countries with more egalitarian wage systems, and because countries with well-developed family policies tend to have more egalitarian wage systems, elimination of variations in the shape of the earnings distribution is essential for estimating the net effect of family policy on gender earnings inequality.

As already noted, this is achieved by transforming the earnings distributions expressed in terms of (logged) local currency into standardized (percentile) distributions.

In Model 2 of Table 2, we re-estimate the HLM regression using standardized earnings as the dependent variable. The effects of the individual-level variables on standardized earnings hardly differ from those observed in Model 1. However, the impact of family policy (WSII) on gender earnings differentials becomes positive, although statistically insignificant ($b = 2.46$; $p = .22$).

The negative and significant effect of WSII on the gender earnings gap in Model 1 versus its positive, although insignificant, effect in Model 2 is consistent with our hypothesis that differences in wage structure across countries play a crucial role in the determination of the gender earnings gap, and that these differences are correlated with family policies. This result can be clearly seen in Figure 1, which plots the relationship across countries between WSII scores and differences in gender wage inequality.

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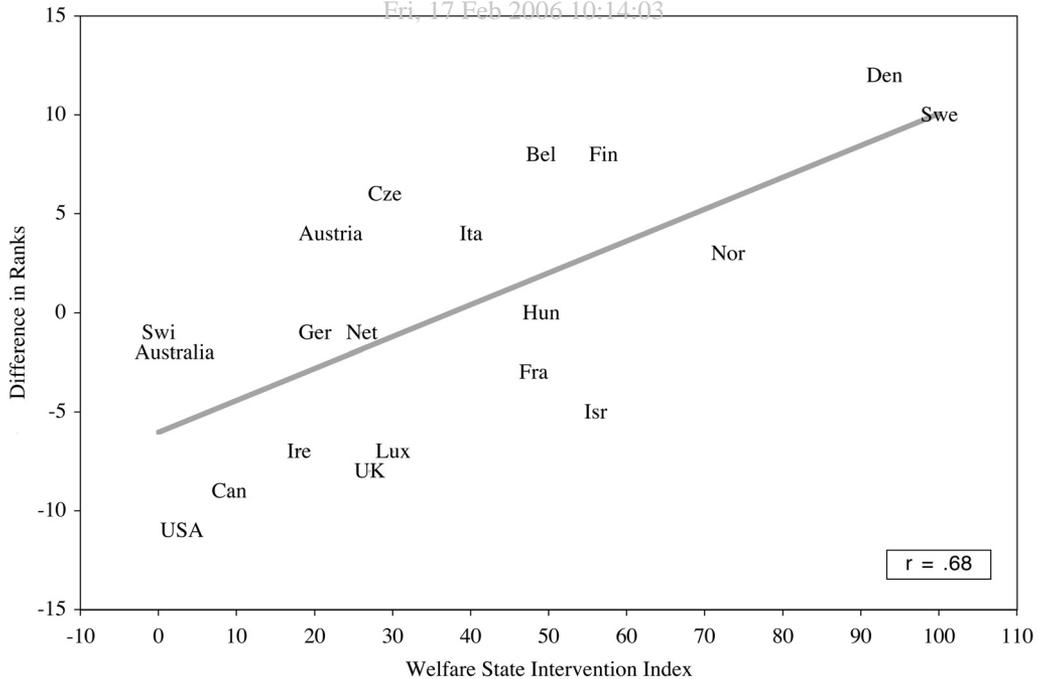


Figure 1. Differences between Two Measures of Gender Earnings Gaps by Welfare State Intervention Index
 Note: Values for difference in ranks (y axis) are calculated as percentile earnings rank minus logged earnings rank (Table 1, column 6).

ity between the two measures (standardized vs. unstandardized).

The three Scandinavian countries and Belgium, all countries with high scores on the WSII, have considerably higher levels of gender earnings inequality when the earnings distribution is measured on the standardized scale (i.e., their ranks are higher on the percentile scale than on the nominal scale). By way of contrast, when earnings are measured on the standardized scale, the gender gap is considerably lower in liberal states, except for Australia. These shifts are in line with the relatively egalitarian system of wage determination in the former group, as compared with the nonegalitarian system in the latter. Australia, a liberal economy with a highly regulated wage system, should be viewed as an informative exception. Returning to the polar cases of the United States and Denmark, although the net gender differential in log earnings was 33% and 19% respectively, in percentile terms the wage gap is much *larger* in Denmark (19 percentiles) than in the United States (only 12 percentiles). We can conclude, then, that what previously appeared to be a negative relationship between the prevalence of family policies and gender earnings inequality is actually a consequence of the association of both with the shape of the earnings distribution.

MODELING THE MECHANISMS UNDERLYING THE IMPACT OF FAMILY POLICIES

Earlier in this article we suggested that the impact of family policies on gender earnings inequality is mediated via rates of female labor force participation and gender occupational segregation. Countries with developed family policies, we argue, recruit more women, especially mothers, to their labor force, while allocating them in disproportionate numbers to low-paying female-typed jobs and at the same time hampering their entry into highly paid managerial jobs (see also Mandel and Semyonov 2006).

To examine these arguments, we compute cross-country correlations between the WSII and the following three indicators: female labor force participation, women's relative odds of occupying female-typed jobs, and women's relative odds of holding managerial positions. Table 3 shows that in an average country, the

predicted probability for women to join the paid labor force is .69, that women's odds of working in female-typed occupations are almost 13 times higher than those for men, and that women's odds of attaining managerial positions are only half of those for men with identical characteristics (.47).

Turning to national variations in these indicators, we find that countries with high scores on the WSII are characterized by relatively high probabilities of female labor force participation ($r = .55$), as well as high rates of female employment in female-typed jobs ($r = .54$) and low representation of women in managerial positions ($r = -.63$). In particular, the four Scandinavian countries, which have the highest WSII scores, exhibit the highest probabilities of women's LFP and high levels of gender occupational segregation on both indicators. In contrast, three of the four countries with the lowest WSII scores (Canada, Switzerland, and the United States) vary widely in their participation rates, but offer women greater opportunities of obtaining managerial jobs.

The results presented in Table 3 highlight the relationship between interventions supportive of women's employment and labor market outcomes for women. We argue that the effect of these interventions on the gender earnings gap is generated by the earnings penalties that women suffer as a result of low selectivity and high occupational segregation. Accordingly, in Table 4 we estimate HLM regressions in which measures of selectivity into the labor force and occupational attainment have been added to the individual-level predictors of earnings included in previous models. Selectivity is defined in terms of the probability of an individual participating in the labor force (LFP) and is included in all models. Occupational attainment is measured once by the distinction between female-typed occupations and other occupations (Model 2), and once by the distinction between managerial and other occupational positions (Model 3).

The effect of labor force probabilities in Model 1 shows that predictors of labor force participation are strongly and positively related to predictors of earnings. The inclusion of labor force probabilities only slightly alters the effect of the individual-level variables included in the equations. However, it substantially reduces the size of the gender coefficient. Whereas the aver-

Table 3. Women's Probabilities of Labor Force Participation and Employment in Female-Typed Occupations and Managerial Positions

| Country | LFP Probability ^a | Odds of Female-Typed Occupation ^b | Odds of Managerial Position ^b |
|------------------------|------------------------------|--|--|
| Denmark | .85 | 26 | .24 |
| Netherlands | .63 | 12 | .29 |
| Israel | .67 | 16 | .32 |
| Italy ^c | .52 | — | .34 |
| Norway | .80 | 13 | .36 |
| Finland | .80 | 15 | .37 |
| Sweden | .86 | 16 | .39 |
| Czech Republic | .78 | 7 | .40 |
| France | .68 | 12 | .40 |
| Luxembourg | .66 | 9 | .41 |
| Austria | .65 | 10 | .41 |
| Australia ^c | .66 | — | .43 |
| Belgium | .62 | 7 | .45 |
| Ireland | .56 | 10 | .52 |
| United Kingdom | .71 | 19 | .53 |
| Germany | .71 | 14 | .57 |
| Hungary | .64 | 9 | .61 |
| Canada | .69 | 14 | .77 |
| Switzerland | .57 | 10 | .80 |
| United States | .78 | 8 | .81 |
| Mean | .69 | 12.7 | .47 |
| Standard error | .10 | 4.8 | .17 |
| Range | .52–.86 | 7–26 | .24–.81 |
| N | 20 | 18 | 20 |
| r_p with WSII | .55* | .54* | -.63** |

Note: Ranked in ascending order of the last column. Ages 25–60 years. LFP = Labor Force Participation; r_p = Pearson correlation coefficient; WSII = Welfare State Intervention Index.

Source: LIS (1991–2000).

^a For LFP we used logistic regression equations to predict women's employment probabilities in each country, as a function of marital status, age, education, and the presence of pre-school children.

^b For both occupational measures we used logistic regression equations to predict odds of employment in female-typed occupations or managerial positions in each country, as a function of gender, marital status, age, and education.

^c Italy and Australia do not provide data on detailed occupations.

* $p < .05$; ** $p < .01$ (one-tailed test).

age earnings gap between men and women in Model 2 of Table 2 is 14 percentiles, almost two-thirds of this gap can be attributed to selectivity (i.e., men's and women's differential odds of participating in the economically active labor force). However, the negative and significant interaction between gender and LFP modifies this conclusion. The negative interaction term suggests that the economic payoffs associated with characteristics that increase the likelihood of labor force participation are significantly greater for men than for women. Aggregated to the national level, this finding implies that the larger the proportion of women in the labor

force, the less selective is the female workforce, and consequently the higher the wage penalty experienced by economically active women.

Models 2 and 3 examine the net effect of occupation on earnings. As expected, employment in a female-typed occupation reduces workers' earnings (by 3.5 percentiles), whereas working in a managerial position increases earnings (by almost 15 percentiles). Given that female-typed occupations are filled almost exclusively by women and that men have higher probabilities of working in managerial positions, these findings emphasize the economic

Table 4. Effects of Individual and Country-Level Variables on Earnings Percentiles

| | Models | | |
|-------------------------------------|-----------------|-----------------|-----------------|
| | (1) | (2) | (3) |
| Individual level effects | | | |
| Intercept | -26.61** | -28.53** | -26.11** |
| Married | 2.54** | 2.21** | 2.40** |
| College degree | 17.64** | 17.55** | 16.53** |
| Age | .48** | .52** | .47** |
| Weekly Working Hours | .87** | .80** | .81** |
| Gender (men = 1) | 5.52* | 5.09* | 7.46* |
| LFP Probabilities | 22.43** | 26.09** | 21.09** |
| LFP Probabilities × Women | -5.57** | -4.53* | -3.36 |
| Female-Typed Occupation | — | -3.50** | — |
| Managerial Position | — | — | 14.89** |
| Country level effect, WSII | | | |
| on the intercept | -4.69 (3.28) | 1.72 (4.32) | -.22 (3.24) |
| on the gender wage gap ^a | 4.90 (3.25) | 5.04 (3.96) | 2.97 (3.76) |
| χ^2 | 948** | 666** | 901** |
| N (individual) | 72,440 | 49,221 | 70,896 |
| N (country) | 20 | 14 ^b | 19 ^c |

Note: Results from hierarchical linear models. Ages 25–60 years. Standard Error in parentheses. LFP = Labor Force Participation; WSII = Welfare State Intervention Index.

Source: LIS (1991–2000).

^a The WSII values were divided by 100; the coefficient indicates the difference in percentile gender wage gaps between a country placed at the bottom of the WSII compared to a country at the top.

^b The following countries do not have data on female-typed occupations at the individual level: UK, Italy, Israel, Australia, Denmark, and Austria.

^c Data unavailable for Denmark.

* $p < .05$; ** $p < .01$ (one tailed test).

penalty associated with occupational segregation.

Combining the findings presented in Tables 3 and 4, it becomes possible to underscore the mechanisms through which family policies widen the gender gap in earnings. State interventions that support women's employment are associated with high levels of female labor force participation as well as a greater concentration of women in female-typed jobs and men in managerial positions. These characteristics, in turn, all are likely to increase the gender pay gap.

EFFECTS OF THE COMPONENTS OF THE INDEX

Our findings show a complex and seemingly paradoxical relationship between welfare state interventions and gender earnings inequality. Thus far, welfare state interventions have been

captured in this study by combining three indicators that pertain to different roles of the welfare state into one index. Recently, scholars have begun to distinguish among different types of family policies, stressing their distinctive effects on various elements of gender inequality, mainly female labor force participation (Gornick and Meyers 2003; Jacobs and Gerson 2004; Korpi 2000). To follow these studies and refine our findings, we examine whether different types of state interventions differentially affect the gender earnings gap. We do so by replacing the WSII with its three components and re-estimating a series of HLM models. On the basis of our previous findings, we control for the wage structure by using percentile earnings as the dependent variable and include selectivity and occupational position (the variables representing the mechanisms underlying the

impact of family policies) in the equations. In Models 1, 2, and 3, the WSII is replaced, respectively, by “maternity leave,” “child care facilities,” and the “public service sector.” In Model 4, all three components are introduced at the country level to estimate simultaneously the net effect of each.

The results presented in column 1 of Table 5 show that maternity leave policy significantly and positively affects gender earnings inequality. This effect holds even after the other two components are controlled (Model 4). This find-

ing is consistent with our theoretical view that employment discontinuity and the statistical discrimination it provokes are major determinants of women’s lower earnings in developed welfare states. It is also consistent with Jacobs and Gerson’s (2004:109–14) argument that making use of family-supportive policies can be costly to women’s opportunities. Policies such as long maternity leave interrupt work continuity, and thus discourage employers from hiring women to high-status and managerial positions, thereby decreasing their ability to

Table 5. The Effects of the Components of the Welfare State Intervention Index on Earnings Percentile

| | Models | | | |
|---|---------------|---------------|---------------|---------------|
| | (1) | (2) | (3) | (4) |
| Individual level effects | | | | |
| Intercept | -26.90** | -31.79** | -27.45** | -31.37** |
| Married | 2.10** | 2.09** | 2.10** | 2.09** |
| College degree | 16.34** | 16.35** | 16.34** | 16.34** |
| Age | .51** | .50** | .50** | .51** |
| Weekly Working Hours | .76** | .76** | .76** | .76** |
| Gender (men = 1) | 5.53* | 10.48* | 6.22* | 9.51* |
| LFP Probabilities | 24.71** | 24.65** | 24.68** | 24.76** |
| LFP Probabilities × Women | -2.43 | -2.54 | -2.46 | -2.49 |
| Female-Typed Occupation | -2.44** | -2.45** | -2.44** | -2.44** |
| Managerial Position | 15.06** | 15.06** | 15.06** | 15.06** |
| Country level effect: on the intercept | | | | |
| Maternity Leave | -.08 (.09) | — | — | -.17 (.16) |
| Child Care | — | .09 (.08) | — | .11 (.08) |
| Public Service Sector | — | — | -.07 (.20) | .14 (.35) |
| Country level effect: on the gender wage gap | | | | |
| Maternity Leave | .18* (.08) | — | — | .31* (.15) |
| Child Care | — | -.04 (.09) | — | -.08 (.08) |
| Public Service Sector | — | — | .23 (.22) | -.26 (.35) |
| χ^2 | 582** | 622** | 642** | 528** |
| N (individual) | 49,180 | 49,180 | 49,180 | 49,180 |
| N (country) ^a | 14 | 14 | 14 | 14 |

Note: Results from hierarchical linear models. Ages 25–60 years. Standard error in parentheses. LFP = labor force participation.

Source: LIS (1991–2000).

^a We obtained similar results and reached identical conclusions when using all 20 countries (i.e., not controlling for female-typed and managerial occupations).

* $p < .05$; ** $p < .01$ (one tailed test).

compete successfully with men for the best-paying jobs. In contrast, public sector employment, as well as work-facilitating policies such as publicly funded child care facilities, which are not expected to increase employers' discrimination, have an insignificant effect on the gender earnings gap in all of the equations.

The insignificant effects of child care facilities and the public service sector on the gender gap may be the result of offsetting effects. On the one hand, availability of child care facilities allows women to allocate more time to paid employment, thereby improving their ability to compete with men for highly paid positions. Likewise, public social services provide a large number of professional and semiprofessional jobs that typically offer women long-term career opportunities more suitable to their family obligations. On the other hand, both child care facilities and a large public service sector increase the demand for female labor, mostly for female-typed jobs, which, as seen in Table 4, are not likely to be highly paid jobs.

Nevertheless, as we noted, welfare state interventions should be viewed as a contextual variable rather than as a set of discrete policies. We believe that the WSII is a useful and valid instrument for summarizing state interventions that support employment of women, and that it represents a composite phenomenon with consequences that go beyond the unique effect of each of its components.

CONCLUSIONS

The objective of this research is to provide a systematic examination of a neglected question: the effect of welfare state activities on earnings differentials between men and women. Our main interest is to explore the paradoxical consequences of family policies for gender-based labor market inequality. For this purpose we bring together two bodies of literature: sociological work on the impact of family policy on women's employment opportunities and economic research on the impact of the wage structure on gender earnings gaps. We suggest that both family policies and systems of wage determination are likely to influence gender earnings inequality, but in opposite directions. Developed family policies are expected to increase gender earnings disparities, whereas egalitarian wage

systems are expected to decrease such inequalities.

The analysis we report focuses on data gathered from 20 countries and is based on a series of hierarchical linear models that combine information on both individuals and countries. This method allows us to estimate contextual effects on gender earnings inequality while controlling for variations across countries in the composition of wage-determining individual-level characteristics. Elimination of individual effects is crucial in this regard because similarity cannot be assumed across countries in the distribution of men and women with respect to wage determinants such as education, age, marital status, and working hours.

The findings show that while egalitarian wage systems decrease gender earnings disparities, family-friendly policies do not contribute to narrowing the gender gap. The true impact of family policies on the gender gap becomes visible only when cross-national variations in the shape of earnings distributions are taken into consideration. The reason for this is that countries with developed family policies are also characterized by a more egalitarian earnings distribution among all workers, which lowers gender wage gaps. To understand the unique effect of family policy on the gender wage gap, we have progressively disentangled it from the effect of the wage structure.

When earnings were measured initially in nominal terms, earnings differentials between men and women were found to be negatively associated with the index of welfare state intervention. To test whether this negative relationship could be attributed to the more egalitarian wage structure of developed welfare states, we controlled in the second stage of the analysis for differences in the shape of earnings distributions across countries by using standardized percentiles. After this adjustment, the association between family policies and gender earnings gaps was reversed, although the effect did not reach statistical significance. This finding leads us to the conclusion that although welfare state activities of the type studied here are directly aimed at supporting women's economic independence, their apparent narrowing effect on gender earnings inequality should actually be attributed to cross-national variation in wage structures.

Accordingly we show that only when the wage structure is controlled does it become possible to uncover the mechanisms through which policies supporting women's employment affect gender earnings inequality. In line with our theoretical arguments, the findings suggest that mother-friendly interventions, while enabling more women to become economically active, are rather costly for women's occupational and economic attainment. Specifically, developed welfare states are found to be associated with higher rates of women's participation together with their concentration in female-typed occupations and underrepresentation in managerial positions. These characteristics reduce women's earnings capacity and thereby increase the gender earnings gap. The significant and positive effect of maternity leaves found in our final empirical analysis strengthens the theoretical linkage we posit between statistical discrimination by employers and high levels of gender segregation in developed welfare states. Although this effect stresses the unintended consequences of a specific policy for gender earnings inequality, maternal leave policies are strongly tied to other family policies and to other characteristics of the welfare state. Together, they constitute a social context that has significant consequences for gender earnings gaps.

Family-friendly policies are usually viewed as aiming to reduce gender inequality. Recent research (Gornick and Meyers 2003; Jacobs and Gerson 2004; Mandel and Semyonov 2006), together with the current study, shows that a more nuanced understanding of the implications of family policy is needed. State interventions aimed at promoting the employment of mothers increase women's economic activity, but at the cost of widening other dimensions of gender inequality. Efforts to facilitate women's labor force participation, and thereby to enhance women's economic autonomy, are valuable in their own right. However, the policy instruments they employ require critical reconsideration. Because the gender division of labor within households continues to be highly unequal, policies that facilitate parental employment by reducing the conflicting demands of paid work and child care are directed in practice mainly at mothers. The implementation of such policies, in turn, lowers women's work effort and encourages employers'

discrimination against women. Institutionalized options for parents to reduce working time or to take brief or prolonged absences from the labor market undoubtedly create a more flexible working environment for the individual parent. But insofar as it is mainly mothers who actually utilize these options, women are likely to suffer a collective economic penalty.

Under these circumstances, it is nearly impossible for women to equalize their labor market outcomes with those attained by men. Although a more equal wage structure is one way to reduce gender earnings inequality, this effect is itself conditional on the overrepresentation of women on the lower rungs of the wage ladder. There are distinct limits to the scope for reducing gender wage inequality in the labor market as long as women bear the major responsibility for household duties and child care while men bear the major responsibility for generating income. In the absence of radical changes in gender roles within the family, the aim of reducing labor market inequality between men and women may best be served by minimizing the costs to women associated with family-friendly policies while at the same time restructuring the organization of work to reduce the time burden on both genders. Our cross-national research indicates that in contrast to extended maternal leaves, expansion of public sector employment and the provision of services such as subsidized day care do not appear to harm economic outcomes for women.

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