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Family Policy and Gender Inequality across Classes

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Abstract

While cross-national research on the impact of welfare states on gender inequality is considerably diverse, all studies share a striking tendency to be blind to socioeconomic divisions among women. The present research challenges the expected uniform effect of welfare states on women's labor market attainments, arguing that this effect is necessarily conditioned by skill and educational levels. Based on micro-datasets from 21 advanced OECD countries, the findings suggest that welfare state policies interact with socioeconomic position in determining the economic rewards of women – penalizing highly skilled women while benefiting lower-skilled women. Highlighting differential solutions for reconciling work with family, rather than the universal tension between work and family, the paper concludes that the advantages of social schemes in general, or of a particular family policy, should be judged in light of the particular groups they benefit, as well as their implications for other groups.

Family Policy and Gender Inequality across Classes

A striking feature of the current literature on gender inequality in the labor market is its tendency to disregard socioeconomic distinctions among women. This neglect is especially characteristic of cross-country comparative studies, including the extensive literature on welfare states and gender stratification, which is doubly surprising in this context. First, socioeconomic divisions among women have grown substantially with the massive entry of women into the labor market and their rising educational attainments in all advanced societies. Second, the mechanisms by which welfare state policies have been found to affect women's employment and their labor market attainments are by nature linked to and depend on their social and economic affiliation.

The tendency to overlook socioeconomic distinctions among women may be inspired by the fact that the most studied outcome in the comparative research on welfare states and gender is women's labor force activity. Welfare state policies that facilitate work with family obligations help women of all classes to confront this tension. However, when focus is placed on the effect of welfare states on women's occupational and earnings attainments, it becomes very evident that welfare states' activities may serve the interests of some groups of women while hurting the interests of others.

Previous studies focusing on the effect of welfare state policies on women's labor market attainments exposed an ostensible paradox; in developed welfare states, where family-friendly policies are more prevalent, gender occupational inequality is greater. Aiming to explain this apparent empirical anomaly, studies have suggested employment protection, statistical discrimination, and employment in the public sectors as key mechanisms responsible for the higher levels of gender segregation and the lower occupational attainments of women in well developed welfare states (e.g., Estevez-Abe, 2005; 2006; Hansen, 1995; Mandel and Semyonov, 2005; 2006). However, though these

studies share the tendency to overlook socioeconomic divisions among women, some of their most convincing theoretical arguments are clearly not applicable to all women, but only to those in the upper register of the socioeconomic scale.

The argument developed in the current study is that the mechanisms by which welfare state policies affect gender inequality are significantly conditioned by socioeconomic positions. State interventions to reconcile family and work responsibilities inversely affect the economic rewards of women with different skill and educational levels. In fact, state support for working mothers not only paves the way for lower-skilled women into the labor market, but also supports their economic rewards by protecting their wage and working conditions. Yet these very same conditions are indeed detrimental to higher-skilled women, because they aggravate gender discrimination resulting from protective social rights that allow work interruptions. By not being in the running for elite positions, lower-skilled women avoid these negative consequences and enjoy better working conditions.

It is true that women of all societies and of all groups share the universal tension between work and family, and many of the obstacles they face in the labor market are related to their motherhood duties. Their struggle for policies that reconcile this inherent tension is, therefore, seemingly a common political goal. From this point of view, it may be discouraging to expose the conflicting implications of welfare state activities for women from different groups, since that undermines the fundamental notion of solidarity among women. This is especially true for the study of a field with practical implications.

However, the findings of this paper will show that although women of all socioeconomic groups confront the tension between home and market duties, the solutions to this tension are very different. State intervention in the form of regulation of employment protection, reconciliation policies, or public sector employment penalize highly skilled

women, while economically benefiting lower-skilled women. Therefore the advantages of social schemes in general, or of a particular family policy, should not be examined with respect to women or mothers as a homogeneous group. Instead, the “friendliness” of policies should be judged in light of the particular groups they benefit and their implications for other groups.

Being sensitive to socioeconomic diversity among women, the present research offers further understanding of the mechanisms by which welfare states affect women's labor market attainments, and resolves some ostensible paradoxes that have arisen from previous research findings. The theoretical hypothesis is tested in relation to women's economic dis/advantage. The empirical analysis is based on micro-datasets from the LIS database, for 21 advanced OECD countries.

Welfare State Policies and Gender Inequality across Different Socioeconomic Groups

Notwithstanding the wide diversity in studies of welfare states and gender inequality, all share a common tendency to focus on gender stratification without distinguishing between women from different socioeconomic groups. Diverging in their conception of welfare states (regime characteristics, measurable indicators), in the dimension of gender inequality which they examine (labor force participation, poverty rates, economic dependency, occupational segregation, glass ceiling, wage differentials) and/or in their conclusions (whether welfare state policies contribute to more or less gender inequality), they all stress the significance of welfare state intervention for women as a single homogeneous group, ignoring its interaction with class affiliation.

This is surprising, not only because the comparative literature on welfare states and gender is extensive and diversified, but also because different aspects of gender inequality are not equally pertinent to different groups of women. Perhaps the lack of attention to

socioeconomic diversity among women is inherently entailed by the fact that the foremost and best studied outcome in the comparative research on welfare states and gender refers to women's labor force activity. This specific dimension is indeed relevant to most women, who, regardless of their class position, share the universal tension between paid and unpaid work. As primary caregivers they are all affected, at least to some extent, by welfare state policies aimed at reconciling care with paid work. Because of the centrality of the reconciliation effect on women's employment, the only division among women found in this extensive literature is on the basis of marital or parental status, i.e., a division of women by their home commitments (e.g., Misra, Buding and Moller, 2007; Gornick et al., 1998).

However, other gender-related outcomes affected by welfare state policies are clearly not relevant to women as a whole. For example, poverty rates among mothers or women's representation in managerial positions are both gendered outcomes that have been found to be affected by reconciliation policies, which obviously do not have the same pertinence to different groups of women. Moreover, while reconciliation policies may exert a greater influence on the participation rates of certain groups of women than those of others (Hakim, 2002), their effect on other aspects of gender inequality, like women's occupational attainment or economic rewards, may work in opposite directions for different groups of women. In other words, when focusing on women's labor market attainments the importance of distinguishing between different socioeconomic groups is decisive, because welfare state intervention can conflictingly affect women from different socioeconomic positions.

As previous studies have shown, the labor market attainments of women – as captured by two of the most notable parameters of gender inequality, horizontal and vertical gender segregation – are lower in more developed welfare states (e.g. Birkelund

and Sandnes, 2003, Estévez-Abe, 2005; 2006, Mandel and Semyonov 2006, Mandel and Shalev 2009, Wright et al. 1995). However, considering the major mechanisms by which welfare state activities affect women's occupational attainments, it becomes evident that the unfavorable implications of welfare state activities are at worst irrelevant and at best actually beneficial to other groups of women. Briefly, previous studies primarily have cited two complementary mechanisms as underlying the unfavorable implications of welfare states for women's occupational attainments. The first is employment protections of workers and mothers, which, by heightening statistical discrimination, inhibit career trajectories in internal labor markets and block women's entry into positions with high social and economic rewards. The second is the favorable working conditions in the public welfare sector, which lower women's aspirations to compete with men for good jobs in the demanding, unfriendly and more discriminatory private sector (e.g., Estevez-Abe, 2005; 2006; Hansen, 1995; Mandel and Semyonov, 2005; 2006, Mandel and Shalev, 2009). In what follows, I shall develop my claim to show that both factors interact with socioeconomic position in determining the economic rewards of women – limiting those of highly skilled women, while benefiting lower-skilled women.

Employment Protection to Workers and Mothers

Employment protections, whether they apply to all workers (such as regulation of working conditions or unemployment protections) or are targeted explicitly at mothers (such as maternity leave benefits or reduced working time), are all expected to reinforce the tendencies of employers to discriminate against women. The reasoning is that benefits such as paid maternity leave and guaranteed time off for childcare purposes heighten employers' reluctance to hire women. Nevertheless, when thinking about the rationale of statistical discrimination, it becomes clear that the risk of statistical discrimination is conditioned by class.

According to the theory of statistical discrimination (e.g., Aigner and Cain, 1977), when firms seek workers for jobs with high training costs, they favor more stable and productive employees. Because the information on each worker is limited, employers discriminate against the entire group of employees considered to be less productive, either because workers in this group do tend to be less productive (e.g., have more work interruptions on average), or because employers believe they do. As the cost of a bad match is trivial for jobs with little or no on-the-job training, statistical discrimination tends to be related to job quality. Positions requiring on-the-job training, those with authority over organizational assets and those with relative freedom from direct supervision, are most likely to be targets of discrimination. It is these jobs, characterized by high rewards and social esteem, which account most for gender discrimination in hiring (Tomaskovic-Devey, 1993).

Estevez-Abe (2005; 2006) argues that strong employment protections of any kind, not necessarily those that apply to motherhood, may be expected to heighten statistical discrimination against women. This is because strong employment protections favor the development of internal labor markets, which systematically disadvantage workers with career interruptions. Because firms keep good jobs for insiders, they limit women's return to good jobs, due to the more frequent interruptions of their careers.

Because statistical discrimination is especially pertinent to the recruitment of workers to elite positions, or to positions that afford a career trajectory, the risk of statistical discrimination is mainly relevant to women who are suitable candidates for elite jobs, that is, women with high human capital resources that can compete effectively with men for attractive positions. A lack of universal employment protections is therefore expected to work in favor of women who are suitable candidates for elite jobs, by protecting them from gender-based discrimination. Better educated and highly skilled

women are compensated by the fact that they can more easily gain employment protections by using their own resources. Their skills provide them with better job opportunities, and their economic resources allow them to purchase solutions to work-family conflicts in the market (Morgan, 2005), so they have less need of state protections in the form of regulations of working conditions, or state provision of services in the form of subsidized childcare. Nonetheless, as women, they are expected to face more tension between home and work commitments and to suffer the consequences of being potential candidates for employment protections or state benefits for working mothers, which tends to motivate employers to practice statistical discrimination against them.

Moreover, in the absence of employment protections for workers or working mothers, e.g., in the context of market-oriented welfare regimes, the state does make efforts to ensure free competition in the workplace by advancing antidiscrimination and equal opportunities legislation. Legislation of this kind, which is achieved largely through the courts, is something that more educated and economically well-off women are primarily able to take advantage of (O'Connor, Orloff and Shaver, 1999; Orloff, 2006).

For economically disadvantaged and less skilled women the situation is very different. Reconciliation policies enhance their ability to combine home and family care with paid work and to work continuously. Strong employment protections (like minimum wage, unemployment benefits, regulation of working conditions) and benefits for working mothers (like generous paid maternity leave) especially protect less skilled women and preserve their attachment to work, with no harmful byproducts. For them, extensive and subsidized public provision of care services substantially reduces child penalty. While the absence of protective regulations for working mothers may reduce gender discrimination, it is less relevant to unskilled working mothers, as they are not in the running for positions that offer high social and economic rewards. Given the gendered division of

labor within the family, most women – but all of the more unskilled working mothers – rely on policies that will ease the family burden and help them combine paid with unpaid work. Reconciliation policies and employment protections are therefore more important for unskilled working women, and are much more effective than equality of access legislation.

Public Employment

The type of jobs and working conditions available in the public sector tend to be attractive to women. Since the development of welfare states, female-typed jobs – in services, care, education and the like – have been clustered into the public sector. The public sector has also been more amenable to furnishing favorable and convenient working conditions, particularly shorter and more flexible hours, which ease the pressures on working mothers. Moreover, the public sector has traditionally been less constrained by cost/benefit considerations than the private sector, and therefore is less likely to practice statistical discrimination against women. Because governments are more politically sensitive employers and wages are administered bureaucratically, the public sector tends to refrain from paying very low or very high wages or directly discriminating against women. The higher wage floor in the public sector is another aspect of its more egalitarian character, which also results in stronger collective bargaining (Robson et al., 1999).

These advantages of the public sector, however, are clearly conditioned by class. State employment is more beneficial to low-paid groups that find it harder to attain economic security through the free market (Gornick and Jacobs, 1998). Both as women and as disadvantaged employees, women have little bargaining power and thus tend to benefit from bureaucratic wage-setting and collectively bargained working conditions. For example, part-time workers, who are predominantly female, suffer from less

favorable working conditions in all countries (e.g., Blossfeld and Hakim, 1997). Yet part-time workers are much more secure in the public sector in terms of both wages and working conditions (Anxo and Flood, 1998; Borchorst, 1994). Thus, in labor markets with a very large public service sector, such as in the Scandinavian welfare states, lower-skilled women are the prime beneficiaries of the advantages of public-sector employment, while their counterparts in liberal welfare states bear the costs of a more profit-maximizing service sector.

By contrast, lower earnings ceilings in the public sector prevent workers in the upper echelon from attaining wages that are equal to comparable senior positions in the private sector (for evidence, see Gornick and Jacobs, 1998: Table 2). Moreover, the higher bargaining power of more educated and skilled workers enables them to obtain economic security and good working conditions in the free market. They therefore have more to lose from the restrictive wages of public employment, while the protection it offers is less beneficial to them. It is the highly skilled women whose wages are limited by their concentration in the public sector in the Nordic countries. On the other hand, the majority of professional and managerial women who work in personal and social service branches outside the public sector benefit from the less restrictive wage ceiling of the private sector. The advantages or disadvantages of the public sector are, therefore, very much dependent on socioeconomic position.

Welfare State Policies and Gender Wage Gaps

Relying on the rationale described above, theoretical explanations of the effect of welfare states on women's earnings link women's lower economic achievements to their concentration in female-typed jobs in the public service sector, and to the tendency of private employers to discriminate against them in recruitment to lucrative jobs. However,

because so little study has been devoted to this question, empirical evidence to the effect of welfare states on women's earning attainments is very limited. A few studies have found a negative effect of parental leave on women's earnings. Edin and Gustavsson (2008) found that an extended period of parental leave erodes labor market skills and damages future career paths and earnings. Ondrich et al. (2003) and Ruhm (1998) also found a negative effect of parental leave on women's wage growth over time.

The negative consequences of parental leave, or of other employment protection policies, on women's earnings are not directly mirrored in cross-country comparisons of gender wage gaps. That is because when the relative wages of women and men are compared across countries, other intervening factors complicate the relations between the two. The most significant factor is the wage-setting system, which, as Mandel and Semyonov (2005) have shown, suppresses the effect of the welfare state on the gender wage gaps. That is because wage-setting has the opposite effect to the expected effect of welfare protections; i.e., the latter are expected to widen the gender wage gaps, the former to minimize it. The wage-setting systems in well developed welfare states are markedly more centralized than those in liberal welfare states. Blau and Kahn (e.g., 1992; 1996) have shown that the centralized nature of wage-setting in the former not only contributes to decreasing wage inequality among workers in general, but also to decreasing the gender wage gaps. The argument is that the more centralized nature of wage-setting in well developed welfare states tends to obscure the unfavorable implications of the welfare state for the gender wage gap (Mandel and Semyonov, 2005).

Nevertheless, I argue that the differential effects of employment protection by welfare state policies and earnings protection by wage-bargaining systems on women of different classes are closely aligned. Employment protection is expected to adversely affect the earnings of advantaged women but to benefit disadvantaged women, while

earnings protection ought to favor the earnings of disadvantage women but pull down the pay of highly paid women. Centralized wage-bargaining systems reduce gender wage gaps precisely because they protect women, who, on average, are considered more vulnerable workers and are concentrated in lower-paying jobs than men (e.g., Blau and Kahn, 1996; Almond and Rubery, 1998). Although on averages this effect persists, highly skilled women have less need of the protection of wage regulations. On the contrary, reduced earnings inequality is not in the interests of highly skilled workers (either women or men) since it lowers the wage ceiling that they can potentially reach. Therefore overlooking the differences between different socioeconomic groups also contributes to obscuring the effect of welfare states on gender wage gaps.

Data and Variables

Empirical data for the study are taken from waves four and five of the Luxembourg Income Study.¹ The large individual samples yield total sample sizes of a few hundred to a few thousand cases, after being limited to employees in the prime working ages of 25-60.² The dependent variable is annual earnings. To distinguish the effect of welfare state policies from the effect of wage-setting, I embrace the method used by Mandel and Semyonov (2005) and standardize the wage distribution by wage percentiles. Being sensitive to relative ranks rather than the absolute wage, this standardization controls for cross-country differences in overall wage inequality, which, as noted, has been found to significantly affect gender wage gaps. With the exception of gender (men=1), all individual-level independent variables are introduced as controls, in order to eliminate cross-national differences in the composition of wage-determining characteristics. These

¹ For details, see www.lisproject.org. For Denmark and Norway, which do not provide data on working hours, I used the following external sources: Danish Leisure Study, 1993, and the (Norwegian) Level of Living Survey, 1995.

² Samples were limited to 7,000 cases in each country due to memory problems.

variables are: marital status (married=1), education (academic degree=1), age (in years), age squared, and weekly working hours.

As the main goal is to expose the significance of socioeconomic divisions to understanding the effect of welfare state policies on gender inequality, the main independent variable is measured in various ways. Qualitative differentiations by type of welfare regime were measured by Esping-Andersen's famous classification (1990; 1999).³ Quantitative differentiations between levels of family policy were measured by discrete indicators of policies, as well as an integrated index. The index, taken from Mandel and Semyonov (2005; 2006), was designed to capture the scope of family policies and public employment by means of three components: the number of fully paid weeks of maternity leave, the percentage of preschool children in public childcare institutions, and the size of the public service sector. The index ranges from 0 to 100, where 0 is assigned to the country with the poorest welfare state policy (Switzerland) and 100 to the country with the most generous policy (Sweden). As the effect of each index component is also assumed to differ by socioeconomic levels, I also estimate the unique effect of each of the three indicators on the gender earnings differentials across groups.⁴

Socioeconomic differences are evaluated by two distinct parameters: educational attainments and earnings. For the latter, I crudely distinguish between two major groups – workers whose earnings do not exceed the median, and those whose earnings do. In terms of education, the distinction is between workers with up to (and including) a secondary education (low) and those with an academic degree (high).⁵ While these crude definitions may underestimate the differences between socioeconomic groups, if an effect is found,

³ East European countries constitute a fourth group. Israel was classified as conservative (Stier et al., 2001).

⁴ For the distribution of the index and each of its components, see Mandel and Semyonov, 2006, Table A1.

⁵ In the average country, 70.4% had a secondary education or less, 17.3% had acquired an academic degree, and 12.3% had a non-academic postsecondary education. This last group was excluded from the education-based analyses.

that would suggest that the use of more restrictive categories (e.g., between very high and very low earnings or educational levels) would yield an even stronger effect. Moreover, the use of two different indicators helps validate the results.

Method of Analysis

The analysis was based on a set of hierarchical linear models (Bryk and Raudenbush, 1992) that allow for the simultaneous estimation of individual-level and country-level effects. Multilevel models are ideally suited for testing cross-level interaction effects, while controlling for variables at both levels. The regression coefficients expressing the effect of individual-level characteristics on wages become the dependent variables in the country-level models. Translating the theoretical question of this study into formal language, I examine whether the individual-level effect of gender (i.e., wage gaps between men and women) covaries with country-level attributes (in this case, with levels of welfare state policies). Specifically, the individual-level model is expressed as follows:

$$Y_{ij} = \beta_{0j} + \beta_{1j} (\text{gender}_{ij}) + \beta_{2j} - \beta_{kj} (X_{2ij} - X_{kij}) + r_{ij}$$

where Y_{ij} is the wage percentile of person i in country j , and β_{0j} is the individual-level intercept. β_{1j} is the regression coefficient associated with gender, which represents the average wage difference between men and women in country j . X_{2ij} through X_{kij} are the individual-level control variables (marital status, education, age, age squared, and weekly working hours), and β_{2j} through β_{kj} are their associated regression coefficients. Finally, r_{ij} is an error term, assumed to be normally distributed with mean zero and variance σ^2 .

The above equation allows the intercept, β_{0j} , and the gender effect, β_{1j} , to vary across countries (i.e., to be random). At the second level, country-level characteristics explain these random effects as follows:

$$\beta_{0j} = \gamma_{00} + \gamma_{01}(\text{Welfare state policies}) + u_{0j}$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11}(\text{Welfare state policies}) + u_{1j}$$

$$\beta_{kj} = \gamma_k$$

where β_{0j} denotes countries' average earnings, γ_{00} is the intercept for the country-level wage model, and γ_{01} is the effect of family policy on β_{0j} . My main intention is to explain β_{1j} – the cross-country variation in the average earnings gap between men and women – by welfare state policies (γ_{11}). Country-level random effects, u_{0j} and u_{1j} , are assumed to be uncorrelated and with means of zero. The effects of the individual-level control variables are constrained to be the same across countries; therefore, γ_k represents the fixed effects β_k across all countries.

Findings⁶

Multilevel Analysis

To estimate the net effect of welfare state policies on the gender wage gaps across socioeconomic groups, in Tables 1-3 I ran a series of hierarchical linear models. This method enables an estimation of country-level effects when controlling for cross-national differences in the composition of wage-determining characteristics found to affect gender wage gaps (such as working hours or education). Generally speaking, the effects of individual-level variables are in keeping with expectations in all three tables: earnings increase with marital status, education, working hours and age (up to a certain point). Being male increases earnings, but male wage advantages are higher in the lower socioeconomic group, particularly when it is defined by education. Because men are coded 1, a negative coefficient indicates a reduction in the gender wage gaps, while a positive one points to increased gaps.

Controlling for all other individual-level variables, variance in gender coefficients across countries (representing the net pay gap between men and women) is explained by

⁶ Due to space limitations the sections that overview the descriptive statistics have been omitted, but are available upon request.

welfare state policies. In Table 1 the effect of the welfare state is measured by a set of dummy variables representing welfare regimes. In Table 2 and 3 this effect is measured by discrete indicators of welfare state policies, as well as an integrated index. In order to validate the findings, socioeconomic characteristics were analyzed separately, once for earnings and once for educational groups (Tables 2 and 3, respectively).

Insert Table 1 around here

Starting with the left panel of Table 1, where groups are divided by earnings, we find no significant differences in the gender wage gaps between welfare regimes among low wage-earners, except between social-democratic and conservative countries ($\gamma=4.65$). By contrast, among high wage-earners, the differences between the social-democratic countries and the other welfare regimes are significant and in line with the theoretical expectations. The same picture arises when groups are divided by education. While there are no significant variations across regimes with respect to the lower-educated group, gender wage gaps varied dramatically between the social-democratic and the other regimes in the higher educated group. Table 1 shows, for example, that the gender wage gap in the liberal regime is almost 9 wage percentiles lower ($\gamma=-8.92$) than the gap in the social-democratic countries (the omitted category). Similarly, the gap in Scandinavia is significantly higher than the gaps in conservative and east European countries ($\gamma= -7.54$, $\gamma= -10.63$, respectively).

Based on the regression coefficients, Figure 1 visually illustrates these differences by displaying the predicted wage gap in each regime between the average men and women in the high socioeconomic groups. The figure clearly shows that more privileged women in Scandinavia are significantly disadvantaged. Among the highly educated, the average gender wage gap in social-democratic countries is 17 wage percentiles (in favor of men), compared to less than 10 in the other regimes. The same picture arises among

high earners, but the gaps are lower, as groups are defined by earnings. The insignificant variation between regimes among the lower socioeconomic groups indicates that women with low education and low wages in social-democratic countries avoid the negative consequences of the welfare state on women's earnings.

Insert Figure 1 around here

Tables 2 and 3 provide further support for the theoretical expectations, showing that low-wage women actually benefit from welfare state supportive policies. Starting with Table 2, where groups are defined by earnings, models 1L(Low) and 1H(High) display the overall effect of the integrated index on the gender wage gap among the two groups of workers, respectively. The coefficients show that the protection the welfare state provides to working mothers significantly reduces the gender wage gap among low-wage workers ($\gamma=-.04$) and significantly increases it among high-wage workers ($\gamma=.05$). In other words, in countries with generous family policies, earnings differentials are lower among less advantaged women and men, while gender wage inequalities are significantly greater among workers with higher earnings.

- Insert Table 2 about here -

Focusing on discrete policies yields similar conclusions. Among lower-earning workers, although public childcare provision (Model 3L) has no effect on the gender wage gap, both generous maternity leave policies and extensive public employment (Models 2L and 4L) tend to significantly reduce the gaps ($\gamma=-.08$, $\gamma=-.24$, respectively). The insignificant effect of childcare provision is surprising, as an ample supply of subsidized childcare is expected to contribute to the more continuous employment of women along the course of their lives. In the case of less advantaged women, who cannot

easily purchase care services in the market, this is expected to be particularly important.⁷ Public service employment has the strongest effect on the gender wage gap, which persists even after controlling for the other components (Model 5L). The significant negative effect of the size of the public service sector is in line with the claim that women with lower skills benefit more from the favorable working conditions, bureaucratic wage-setting and higher wage floor afforded by public sector employment.

Inverse effects appear among higher-earning workers (Models 2H-5H). Maternity leave policies have a strong positive effect on the gender wage gaps ($\gamma=.12$), and the effect of the public sector is almost a mirror image of its effect among low-wage workers ($\gamma=.25$). These findings support the theoretical assumption that parental leave and public employment have harmful consequences for the earnings of advantaged women. Again, childcare provision has no effect on gender inequality, but in this case there is no theoretical reasoning that would lead us to expect unfavorable consequences. A large supply of publicly funded childcare facilities is expected to benefit low-income women, but it is certainly not expected to harm higher-wage mothers.

When all components are combined (Model 5H), the effects of maternity leave and public employment remain significant. As asserted above, institutional arrangements that allow long absence from paid work are expected to widen the gender wage gaps among higher-skilled women, as they encourage employers to discriminate against women with the potential to attain highly paid positions. Concurrently, the attractions of the mother-friendly public service sector can be very costly to highly skilled and educated women, as public employment inhibits the wages of those with high earnings potential. The strong positive effects of the public sector confirm the argument that advantaged women have

⁷ Testing the effect of public childcare by the provision of care for young children (aged 0-2) yielded similar non-significant results.

the most to lose from yielding to the temptations of employment in the public sector, where high-status, family-friendly jobs are available at the cost of lower wages.

Table 3 displays the same models when using educational levels to distinguish between the two socioeconomic groups. For the lower-educated group, neither the integrated family policy index nor any of its components have a significant effect on the gender earnings gap. This insignificant effect, which can be seen also in Table 1, may be partly due to insufficient definition of socioeconomic characteristics in this group. As the educational coding schemes are not standardized across all LIS datasets, I was able to identify only major educational groups that are comparable across countries. Thus, what I defined as the lower educational group (secondary education or lower) is actually a very large group, which, on average, includes about 70% of the workers in a given country. When I limited the wages of this group to the median, the effect of family policy was very similar to the results in Table 2.

In sharp contrast to the broad definition of lower-educated workers, the higher-educated group, defined as having an academic degree, yielded a much smaller group, which, on average, comprised only 17 percent of the workers in a given country. Gender wage gaps in this group are quite large, reaching an average of 17 percentiles, and cross-country variation around this mean is strongly related to family policy. In fact, the effects of family policy on gender inequality in this group are very similar to the effects found among the higher-wage group, but most coefficients are stronger among the higher-educated group. Again, childcare facilities have no effect ($\gamma=.01$), and, as already noted, they are not expected to have any harmful implications for advantaged women. The index of family policy is positively and significantly related to the gender wage gaps ($\gamma=.08$), as are the components of maternity leave ($\gamma=.24$) and public employment ($\gamma=.35$).

For illustration, on average the net gender wage gap in a country located at the top of the index (Sweden) is 8 wage percentiles wider than in a country located at the bottom of the index (Switzerland), about half of the average cross-country gender wage gap. Moreover, each additional paid week of maternity leave increases the gender wage gap by a .24 wage percentile. Thus, the average gap between countries with very long paid maternity leaves (such as Norway and Sweden, 42 and 41 weeks, respectively) and countries with no universal paid maternity leave (e.g., the U.S. and Australia) is 10 wage percentiles. Similarly, every additional percent of public employment adds a .35 percentile to the gender wage gap, so that countries with very large public sectors (Sweden and Denmark, 25% of workers) and countries with low rates of public employment (Czech Republic, 5%) are separated by a gap of 7 wage percentiles.

Summary of the Findings

The inverse effect of welfare state activity on gender wage gaps for lower versus higher socioeconomic groups, whether defined by earnings or education, clearly confirms that the impact of welfare state interventions on working mothers is conditioned by education and earnings levels. Lower-skilled women are less economically disadvantaged in countries with well developed family policies (like all of Scandinavia, which typifies the social-democratic welfare regime and ranks at the top of the index), whereas higher-skilled women are better rewarded in the other types of welfare regime where family policies are limited (like the U.S., Australia and Switzerland, located at the bottom of the index). Generous family policies thus contribute to increased earnings inequality among the higher groups, but reduce the gap among the lower groups. As these opposite effects balance each other out, the effect of family policy disappears when analyzed for women as a whole.

Disaggregating welfare state policies into discrete components lends further support to the significance of a socioeconomic division. The effects of both public employment and maternity leave policies are conditioned by socioeconomic characteristics. The findings show that although the “mother-friendly” characteristics of public employment benefit lower-skilled women, higher-skilled women miss out on economic rewards when they yield to the temptations of employment in the public sector. The inverse effect of maternity leave is of particular significance, as studies have highlighted the harmful effect of these policies not only on women’s labor market activity (Morgan and Zippel, 2003; Pettit and Hook, 2005), but also on their earnings (Edin and Gustavsson, 2008; Ondrich et al., 2003; Ruhm, 1998). Disaggregating the effect by class, the current findings reveal that women with lower socioeconomic characteristics are not adversely affected by maternity leave policies. For them, maternity leave may actually reinforce attachment to paid work, because it gives them the opportunity to remain employed and return to their jobs when the leave ends. On the other hand, better educated women, having acquired more lucrative skills, are naturally more attached to paid employment. For them, absence from work associated with lengthier leave not only leads to the depreciation of their human capital and job training, but also may increase statistical discrimination against them, factors that are primarily relevant to higher-skilled women. Although women can hypothetically avoid loss of earnings and training by maintaining working continuity, they cannot avoid the consequences of statistical discrimination, since employers nonetheless consider them more likely to endure interruptions to their work, simply as women.

The fact that no effect was found for childcare facilities is puzzling with respect to the lower-skilled group. Although childcare provision has been found to reduce gender inequality by increasing female labor force participation (Pettit and Hook, 2005), its effect on women’s economic rewards has not yet been studied. The provision of childcare

facilities per se may encourage women to join the work force, but in order for it to benefit them economically, childcare hours and vacations must conform to working hours. The limited data available on childcare provision precludes a more in-depth examination of this issue.

Conclusions and Implications

Although cross-national research on the impact of welfare states on gender inequality is considerably diversified, all studies share a striking tendency to be blind to socioeconomic differentiation among women. One of the major expressions of this variability is the dimension of gender equality being examined, which has yielded contradictory conclusions concerning the implications of welfare states for gender stratification. While progressive family policies generally have been found to advance women's labor market participation and reduce their economic dependency and poverty levels, they have also been found to adversely impact women's occupational and earnings attainments, by lessening their chances of gaining highly paid positions. These results have fueled feminist controversy with respect to the friendliness of the social-democratic regime to women. The finding that gender segregation, both horizontal and vertical, is more prevalent in socially and culturally gender-egalitarian welfare states is viewed as an empirical anomaly, or at least "a paradox."

The results of the current study challenge these conclusions by extending previous studies. By considering the socioeconomic divisions among women, this research not only contributes to a more accurate understanding of the impact of welfare states on gender inequality, but also resolves the ostensible paradox inherent in earlier findings. It is true that women of all classes face tension between work and family, being mothers in societies which prioritize their care responsibilities over those of fathers. In order to achieve redistributive goals and win financial autonomy from men, women of all

classes must confront this tension. For that reason, state interventions of any kind, aimed at easing the access of women to independent income or promoting gender equality in the labor market, may be perceived as serving the shared interest of women to struggle against patriarchy and traditional gender roles. However, the findings of this study suggest that women from different classes are divergent in their needs and working conditions, and thus face different obstacles to achieving redistributive goals.

The ability of higher-skilled women to take advantage of market solutions is greater by far than that of their lower-skilled counterparts. This is due not only to their superior earning power, but also (given class homogeneity) to the greater capacity of their spouses to participate in childcare costs. For women whose skills enable them to compete with men without state assistance, an absence of universal reconciliation policies is in fact an advantage, as it reduces employers' tendencies to discriminate against them on the basis of gender, thereby avoiding detrimental effects on their earnings. It is therefore the more liberal forms of welfare intervention, which endorse gender neutrality by ensuring equality of access and equivalent salaries, or by offering tax credits, that promote the interests of higher-skilled women (Orloff, 2006). To adopt the terminology proposed by Chang (2000), women with high socioeconomic characteristics benefit more from acts of formal egalitarianism, rather than the acts of substantive egalitarianism that characterize settings in which the state actively intervenes via generous family policies.

A very different scenario applies to women with low socioeconomic characteristics. The harmful effects of state interventions, highlighted by previous research, are totally irrelevant in their case, as they are not in the running for positions that justify statistical discrimination. Moreover, benefits for working mothers, such as paid maternity leave or a shorter workday, have no harmful effect on lower-skilled women, and public sector employment has considerable advantages in offering both accommodating working

conditions and a relatively high wage floor. For less advantaged women, escaping poverty may take precedence over the goal of overcoming traditional gender roles. In order for both of these goals to be achieved, less advantaged women are largely dependent on state action or inaction. Public policies that ease the family burden and reconcile caregiver obligations with commitments to the workplace greatly affect the amount of time lower-skilled women can allocate to paid employment – the primary factor for enhancing their economic security and gaining more power within the family.

Solutions for lower- and higher-skilled women are not only different, but may sometimes conflict with each other. While the strong bargaining power of advantaged women allows them to benefit more from work-family reconciliation benefits that are market- or firm-related, universal legislated policies work in favor of less advantaged women.

U.S. maternity leave policies and childcare arrangements provide a good illustration of such conflictive solutions. While the lack of legislation providing for paid maternity leave in the U.S. harms disadvantaged women, it actually serves the interests of highly skilled women by reducing employers' discrimination on the basis of gender. At the same time, most women in this group do receive maternity leave (or are offered sick leave benefits for maternity purposes) by virtue of private arrangements at their workplace (Guthrie and Roth, 1999).

U.S. childcare policies similarly have inverse consequences for the two groups of women. The lack of financial assistance to families with children and the low public provision of care services substantially increase the child penalty for lower-skilled women. In contrast, the lack of wage regulation and decentralized wage agreements in the liberal labor market enable more advantaged women to purchase childcare relatively cheaply. Thus, the unregulated market that denies weaker women economic security

actually serves the interests of stronger women, as they are able to buy inexpensive care services from the market, reducing their need for state-provided services (Morgan, 2005).

It may be discouraging to expose the conflicting implications of welfare state activities for women from different classes, since it undermines the fundamental notion of solidarity among women by emphasizing separate or even opposing interests. Of course, questioning solidarity among women is not new to feminist discourse. Notable examples are the writings of bell hooks (e.g., 1984; 2000) and others, who insist on the importance of racial divisions among women, highlighting the different needs of black women or other women of color from those of whites. However, feminist thinking clearly rejects the substitution of one form of oppression for another, and thus would renounce solutions that benefit one group at another's expense. This is particularly true when it comes to costly state policies that have practical implications. Therefore, while focusing on women's shared difficulties may validate claims of universal oppression and the essentialness of solidarity, it does not imply shared solutions for all women. The findings of this study suggest that, alongside the emphasis on the universal difficulties of women, we need to pursue diversified state solutions to overcome them. For further elaboration on this issue, additional research on the intersection between gender and class stratification is clearly in order.

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Table 1. Hierarchical linear regression results for earnings percentiles on individual characteristics and welfare state regimes^a
(standard error in parentheses)

	Low earnings	High earnings	Low education	High education
Individual-level effects:				
Intercept	-1.32	17.40**	-51.27**	-61.51**
Married	0.23 [^]	1.35**	3.09**	2.43**
College completed	2.07**	10.33**		
Age	0.39**	1.39**	2.27**	3.40**
Age squared	-0.01**	-0.01**	-0.02**	-0.03**
Weekly working hours	0.47**	0.29**	0.87**	0.93**
Gender (men = 1)	-0.05	9.66**	17.98**	16.99**
Country-level effects: on intercept				
Conservative	-0.77 (1.27)	5.52** (1.65)	-0.52 (1.70)	5.75 (4.31)
Liberal	0.50 (1.10)	3.48* (1.97)	-1.20 (2.03)	4.12 (5.17)
East Europe	-2.59 (1.64)	5.33* (2.43)	-1.87 (2.50)	13.08* (6.55)
Country-level effects: on gender wage gap				
Conservative	4.65** (1.47)	-5.42** (0.91)	-2.23 (2.03)	-7.54** (2.99)
Liberal	2.38 (1.75)	-3.61** (1.06)	-2.33 (2.43)	-8.92** (3.50)
East Europe	3.12 (2.18)	-3.53** (1.34)	-2.29 (3.01)	-10.63* (4.70)
χ^2	628.09**	394.87**	935.33**	499.91**
N (individual)	46046	46192	63758	15901
N (country)	21	21	21	21

^a The omitted category is the social-democratic regime.

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

Table 2. Hierarchical linear regression results for earnings percentiles on individual characteristics and welfare state indicators, by earnings groups (standard error in parentheses)

	Lower socioeconomic group: earnings < median					Higher socioeconomic group: earnings > median				
	(1L)	(2L)	(3L)	(4L)	(5L)	(1H)	(2H)	(3H)	(4H)	(5H)
Individual-level effects:										
Intercept	-1.74	-2.12 [^]	-0.08	-2.12	-0.47	23.61**	23.03**	23.06**	25.76**	24.81**
Married	0.23 [^]	0.23 [^]	0.23 [^]	0.23 [^]	0.23 [^]	1.34**	1.34**	1.34**	1.34**	1.34**
College completed	2.07**	2.07**	2.07**	2.07**	2.07**	10.33**	10.33**	10.33**	10.33**	10.33**
Age	0.39**	0.39**	0.39**	0.39**	0.39**	1.39**	1.39**	1.39**	1.39**	1.39**
Age squared	-.004**	-.004**	-.004**	-.004**	-.004**	-0.01**	-0.01**	-0.01**	-0.01**	-0.01**
Weekly working hours	0.47**	0.47**	0.47**	0.47**	0.47**	0.29**	0.29**	0.29**	0.29**	0.29**
Gender (men = 1)	4.70**	4.52**	4.30*	6.07**	5.61**	3.98**	3.77**	5.05*	2.74*	3.93*
Country-level effects: on intercept										
Integrated index	-.004 (.02)	—	—	—	—	-.06* (.03)	—	—	—	—
Maternity leave	—	.001 (.04)	—	—	.02 (.05)	—	-.09 [^] (.07)	—	—	.03 (.08)
Childcare	—	—	-.04 [^] (.03)	—	-.06* (.03)	—	—	-.04 (.05)	—	.03 (.05)
Public service sector	—	—	—	.02 (.08)	0.05 (.10)	—	—	—	-.34** (.11)	-.42** (.15)
Country-level effects: on gender wage gap										
Integrated index	-.04* (.02)	—	—	—	—	.05** (.02)	—	—	—	—
Maternity leave	—	-.08 [^] (.06)	—	—	-.01 (.07)	—	.12** (.04)	—	—	.08 [^] (.05)
Childcare	—	—	-.03 (.04)	—	.02 (.05)	—	—	.02 (.04)	—	-.04 (.04)
Public service sector	—	—	—	-.24* (.10)	-.24* (.14)	—	—	—	.25** (.08)	.20* (.11)
χ^2	907**	903**	953**	846**	790**	525**	471**	517**	517**	352**
N (individual)	46,043	46,043	46,043	46,043	46,043	46,192	46,192	46,192	46,192	46,192
N (country)	21	21	21	21	21	21	21	21	21	21

[^]p < .10, *p < .05, **p < .01 (one-tailed test).

Table 3. Hierarchical linear regression results for earnings percentiles on individual characteristics and welfare state indicators, by educational groups (standard error in parentheses)

	Lower socioeconomic group: secondary education or lower					Higher socioeconomic group: academic degree				
	(1L)	(2L)	(3L)	(4L)	(5L)	(1H)	(2H)	(3H)	(4H)	(5H)
Individual-level effects:										
Intercept	-52.36**	-53.03**	-51.58**	-52.17**	-51.61**	-54.74**	-54.93**	-57.71**	-51.96**	-55.43**
Married	3.08**	3.08**	3.08**	3.08**	3.08**	2.44**	2.44**	2.44**	2.44**	2.44**
Age	2.27**	2.27**	2.27**	2.27**	2.27**	3.40**	3.40**	3.40**	3.40**	3.40**
Age squared	-0.02**	-0.02**	-0.02**	-0.02**	-0.02**	-0.03**	-0.03**	-0.03**	-0.03**	-0.03**
Weekly working hours	0.87**	0.87**	0.87**	0.87**	0.87**	0.93**	0.93**	0.93**	0.93**	0.93**
Gender (men = 1)	16.17*	15.15*	18.33**	16.35**	18.23**	7.33**	6.32**	9.67*	5.87*	8.34*
Country-level effects: on intercept										
Integrated index	-.01 (.02)	—	—	—	—	-.05 (0.6)	—	—	—	—
Maternity leave	—	-.07 (.05)	—	—	.11^ (.07)	—	-.09 (.15)	—	—	.02 (.20)
Childcare	—	—	-.008 (.04)	—	-.03 (.05)	—	—	.03 (.12)	—	.12 (.14)
Public service sector	—	—	—	.02 (.11)	-.09 (.15)	—	—	—	-.36 (.29)	-.51 (.41)
Country-level effects: on gender wage gap										
Integrated index	-.00 (.02)	—	—	—	—	.08* (.04)	—	—	—	—
Maternity leave	—	.06 (.07)	—	—	.13^ (.09)	—	.24** (.10)	—	—	.23^ (.14)
Childcare	—	—	-.05 (.05)	—	-.07 (.06)	—	—	.01 (.09)	—	-.09 (.09)
Public service sector	—	—	—	-.02 (.13)	-.09 (.17)	—	—	—	.35* (.21)	.15 (.28)
χ^2	1012**	924**	1047**	1030**	828**	565**	519**	587**	588**	484**
N (individual)	63,758	63,758	63,758	63,758	63,758	15,901	15,901	15,901	15,901	15,901
N (country)	21	21	21	21	21	21	21	21	21	21

^p < .10, *p < .05, **p < .01 (one-tailed test).

