The gender pay gap is a persistent challenge across different national contexts. Within these contexts, however, the underlying mechanisms that have resulted in the gender pay gap can take different shapes. In Finland, the gender pay gap has been resistant to policy measures implemented in order to reduce it. This thesis aims to shed light on some of the central features of Finnish society, its institutional context, central actors, and stakeholders, and how these are linked to the apparent failures of Finnish equal pay policy. This study offers a broad-ranging sociological understanding of Finnish society, its historical development, and the kind of citizenship it has offered to its female citizens. The thesis also discusses the role of central labour market organisations in institutionalising wage relativities between the different industries in the Finnish labour market and protecting their vested interests in policy-making.

The empirical part of the thesis consists of three articles, each of which addresses an issue that is critical to Finnish and international equal pay policy: the role of collective agreements in institutionalising gendered valuations in wage setting in the Finnish local government sector, evaluation-based pay systems and the assumption that they inherently promote gender pay equity, and non-decision making in tripartite policy process and the way it affected the drafting of the new Finnish gender equality legislation. The first data set was gathered in a participatory action research project in which 18 Finnish organisations took part. The aim of the project was to promote equal pay through developing pay systems. The second data set consists of the official minutes of the meetings of the tripartite working group that drafted the law about equal pay comparisons that are mandatory for organisations to conduct. The thesis mainly uses qualitative research methods, along with quantitative and documentary analysis.

Based on the research findings, the following arguments are made. The Finnish welfare state has played an active role in creating a secondary labour market for Finnish women in the reproductive work of the public sector. The central labour market organisations have further strengthened the gendered division of labour and hierarchy between male-dominated and female-dominated sectors and industries by institutionalising the wage relativities between these industries in collective agreements. As central actors and powerful players in Finnish policy-making, the central labour market organisations protect their vested interests and resist changes to equal pay policy and legislation. Instead of directly addressing the most important structural and institutional features of the Finnish labour market, current Finnish equal pay policy focuses on less controversial issues, such as organisational practices. Failure to address the most relevant issues on gender pay equity results in modest advances in policy outcomes.
Paula Koskinen Sandberg

The Politics of Gender Pay Equity
Policy Mechanisms, Institutionalised Undervaluation, and Non-Decision Making

Helsinki 2016
The Politics of Gender Pay Equity: Policy Mechanisms, Institutionalised Undervaluation and Non-Decision Making

Key words: Gender pay equity, equal pay policy, non-decision making, institutionalised undervaluation

© Hanken School of Economics & Paula Koskinen Sandberg, 2016

Paula Koskinen Sandberg
Hanken School of Economics
Department of Management and Organisation
P.O.Box 479, 00101 Helsinki, Finland

Hanken School of Economics
ISSN-L 0424-7256
ISSN 0424-7256 (printed)
ISSN 2242-699X (PDF)

Juvenes Print- Suomen Yliopistopaino Oy, Helsinki 2016
Dedicated to all the hard-working, undervalued and underpaid women out there
ACKNOWLEDGEMENTS

I’m so happy that I finally did it! My decision to take on doctoral studies was preceded by ten years of working in research projects, during which I often thought about writing a PhD, but then postponed it for a variety of reasons. I could have, and probably should have, done this a long time ago but, as the saying goes, better late than never. This thesis, like any other, is the result of a long learning process. Because of my longish background in research, I have a long list of people and organisations that have contributed to my work and inspired me. I will thank these important people from my present and my past professional life in a loosely chronological order, starting with the most recent ones. Last, but not least, thanks go to my friends and family.

First of all, I would like to thank my pre-readers, Dr Siobhan Austen, Associate Professor in Economics, Curtin Business School, Perth, Australia, and Dr Lenita Freidenvall, Senior Lecturer and Associate Professor in Political Science, Stockholm University, Sweden, for their thorough reading and insightful comments on my thesis manuscript. These comments helped me considerably to produce the final version of the thesis. I would also like to thank Dr Freidenvall for agreeing to be the opponent in my defence.

In order to write a doctoral dissertation in an efficient, structured manner, high quality supervision is extremely important and valuable. I was lucky to have two great supervisors, Professor Emeritus Jeff Hearn, Hanken and Jill Rubery, Professor of Comparative Employment Systems, Alliance Manchester Business School, Manchester, UK. Both have contributed greatly to my thesis. As agreed, Jill typically received my article manuscripts towards the end of the writing process and if she thought the text was good and the way the topic was handled was relevant, I knew that I had done a good job with it. I also had the pleasure to visit her at Alliance MBS twice during the process. Jeff has supported me throughout the process, opened up new perspectives to my topic and what has been most important, been available and provided comments and advice on my work countless times and often at a very short notice. Thank you, Jeff, for all your help and support during the process.

A highly inspirational time in my process was the Summer of 2015 when I was a visiting scholar at the Industrial Relations Research Centre at the University of New South Wales, Sydney, Australia. My host was Associate Professor Anne Junor. Thank you, Anne, for the inspirational time at UNSW during which I learnt a lot about Australian equal pay policy and wrote the last one of my article manuscripts.

For a Finnish University, Hanken and the Department of Management and Organisation have a uniquely international atmosphere. For me, writing the thesis here proved to be an excellent choice since it facilitated my transition from Finnish project research conducted in Finnish into academic research written for an international audience. I would like to thank the Department of Management and Organisation and all my colleagues here, both present and past, for contributing to the friendly and relaxed working environment. Special thanks go to Tuomas, Pekka and Daniil, who also started their studies in 2014 and took most of the doctoral courses with me. Because of you, much of it was actually fun!

Another important group of people were my closest neighbours in the open space in the previous building: Kari, Jouni and Philip and my roomies and closest neighbours in the Arkadia Building 1st floor: Annamari, Lotta, Sanne, Tricia, Mira, Liisa, Ingrid, Jonna, Maria, Denise and Martin. Many of the 1st floor colleagues are also members of the The...
Research Group on Gender Relations in Organisations, Management and Society, which is another important affiliation for me and has contributed to my learning process. Since the Department moved to the Arkadia building, I’ve done my best to be social and also had many enjoyable conversations and encounters with people at 1st floor, upstairs and downstairs, especially Virpi, Mikko, Tanja, Tom, Thommie, Mikael, Turid, Frank, Sören, Juhana, Mats, Vita, Kati, Hannele, Ville-Pekka, Mikaela, Inkeri, Cenyu, Lobna, Lena, Silvia, Xin, Sofia, Catarina, Gyöngyi, Linda, Pia, Niko, the people already mentioned, and many others. Thank you, everyone.

There are several people from previous work contexts and research environments whom I wish to thank. First of all, I would like to thank my colleagues from Aalto University, especially the TAPAS team Virpi Liinalaakso, Roosa Kohvakka, Minna Nylander, Heini Ikävalko, and Tapio Wallin, other members of the Reward Research group, especially Johanna Maaniemi, Anu Hakonen and Elina Moisio. Special thanks go to Malin Gustavsson from Ekvalita Ab, for whom I worked in the NaisUrat project.

I have also worked for and collaborated a lot with the Gender Equality Unit (TASY) at the Ministry of Social Affairs and Health, and especially with the Equal Pay Programme. I would like to thank all my previous colleagues at TASY: Tarja Heinilä-Hannikainen, Riitta Martikainen, Outi Viitamaa-Tervonen, Marjo Rantala, Reetta Siukola, Eeva Raevaara, Johanna Hautakorpi, Annamari Asikainen, Mari-Eлина McAteer, Hanna Onwen-Huma, Terhi Tulkki, Päivi Yli-Pietilä, Hannele Varsa and Liisa Viitanen. Without this opportunity, this thesis would look very different. I would especially like to thank Outi Viitamaa-Tervonen for collaborations around equal pay.

Other important research environments have been the research unit in the Metal Workers’ Union, which is the main inspiration behind my current interest in industrial relations. I would especially wish to thank my boss there, Jorma Antila. I would also like to mention my friends and previous colleagues, Mia Teräsaho and Julia Evans, whom I met while we were working in Työterveyslaitos several years ago. I would like to thank Liisa Husu again for hiring me to my first research job on gender equality in working life, the EU project PROMETEA in Helsinki University in 2006. Ten years have gone by but the collaboration continues. Finally, I would like to thank my colleagues, now friends, from my first real research job, the “STAKES-nuoriso”, Sini Seemer, Minna Harjajärvi, Antti Tuomi-Nikula and Tanja Haarakangas, for all the fun moments at work and later on in other contexts.

I have obtained funding for writing this thesis from Funds at Hanken, Työsuojelurahasto, Marcus Wallenberg Foundation and KAUTE Foundation, for which I am grateful. In addition, the project from which my data is from, was funded by the European Social Fund. I would also like to thank the 18 Finnish organisations that participated in the TAPAS project as well as the Ministry of Social Affairs and Health once more for allowing me access to my research data.

I would also like to thank friends and family for their support during the process, especially my closest family members: my mother Pirjo and her husband Hamid, my brother Ramin, my sister Rosa and her husband Samu, my grandparents Anja and Martti, my uncle Juha and his family, and my mother-in-law Terttu. Last but definitely not least, I would like thank my husband Kai and my daughter Nella for their endless patience. The episode described on the next page well exemplifies why the patience is needed.
Plot: Paula is again going on and on about the theoretical framework for one of the articles and what concepts she might use, including difficult words such as “legitimacy” and “intertwining”.

Nella [puzzled]: Dad, what is Mom talking about?!?

Kai [laughing]: I have no idea, I’m just pretending to listen...

Paula [laughing]: Don’t worry, I don’t know either ...

Thank you Kai for all your support, encouragement, patience and flexibility during the process. You even arranged time away from work and looked after our daughter so I could do a research visit to Australia. And thank you Nella for all the fun moments that have made it possible to forget about the thesis and focus on family life.

Helsinki, August 2016
CONTENTS

1 INTRODUCTION .................................................................................................1
   1.1 Defining the field of study ...........................................................................2
   1.2 Research aim .................................................................................................4
   1.3 Key concepts .................................................................................................5
   1.4 Thesis structure ..............................................................................................6

2 THE RESEARCHER ............................................................................................8
   2.1 My background and its implications for my research .................................8
   2.2 Research philosophy .....................................................................................9

3 POLICY ............................................................................................................12
   3.1 Four perspectives on the gender pay gap ....................................................12
   3.2 Undervaluation of women’s work as a political question ............................14
   3.3 Examples of equal pay legislation in different national contexts ...............15
   3.4 Finnish equal pay policy ...............................................................................17

4 SOCIETY ...........................................................................................................19
   4.1 Features of Finnish society and labour market ............................................19
   4.2 Family policies and gender pay equity .......................................................21
   4.3 The Nordic gender system ..........................................................................23
   4.4 Finnish gender contracts .............................................................................24
   4.5 The Nordic welfare state .............................................................................25
   4.6 Segregation as a patriarchal strategy ............................................................26
   4.7 State feminism .............................................................................................26

5 INSTITUTIONAL ACTORS ............................................................................28
   5.1 The Finnish industrial relations system .......................................................28
   5.2 Tripartite decision making ..........................................................................31
   5.3 Silencing the debate on gender pay equity ..................................................31
   5.4 Non-decision making ...................................................................................32

6 IDEOLOGY ......................................................................................................34
   6.1 Colliding ideologies: neoliberalism and feminism .......................................34
   6.2 Neoliberal ethos in managerial practices .....................................................35
# ORGANISATIONS

7.1 Gendered structures and practices ................................................................. 37
7.2 Pay systems and work of equal value ................................................................. 37
7.3 Comparing wages as part of gender equality planning ..................................... 39

# DATA AND METHODS

8.1 Data 1: Gender equality into pay systems .......................................................... 40
8.2 Data 2: Tripartite working group ....................................................................... 42
8.3 Research methods ............................................................................................... 42
8.4 Advantages and limitations of the methods ...................................................... 44
8.5 Analysing project data retrospectively ............................................................... 44
8.6 Limitations of the study ...................................................................................... 45
8.7 Future research ................................................................................................... 46

# SUMMARIES OF THE ARTICLES

9.1 Article 1: The institutionalised undervaluation of women’s work – The case of Finnish local government sector collective agreements .......................... 47
9.2 Article 2: Intertwining gender inequalities and gender-neutral legitimacy in job evaluation and performance-related pay ..................................................... 48
9.3 Article 3: Non-decision making in the reform of equal pay policy – The case of Finnish gender equality legislation .............................................................. 50

# DISCUSSION

10.1 Arguments based on research findings .............................................................. 52
10.2 Contributions in Article 1 ................................................................................... 53
10.3 Contributions in Article 2 ................................................................................... 53
10.4 Contributions in Article 3 ................................................................................... 54
10.5 Contributions in the Kappa ................................................................................ 54
10.6 Implications for policy and practice ................................................................. 56
10.7 Concluding thoughts ........................................................................................... 57

# REFERENCES

REFERENCES ........................................................................................................... 58

# APPENDICES

APPENDICES ......................................................................................................... 73

Article 1 .................................................................................................................. 73
Article 2 .................................................................................................................. 100
Article 3 .................................................................................................................. 120
LIST OF ARTICLES

Article 1
In review process in Work, Employment and Society

Article 2
Koskinen Sandberg, P.: Intertwining gender inequalities and gender-neutral legitimacy in job evaluation and performance-related pay
Forthcoming in Gender, Work & Organization

Article 3
Koskinen Sandberg, P.: Non-decision making in the reform of equal pay policy – The case of Finnish gender equality legislation
Published in Equality, Diversity and Inclusion: An International Journal

TABLES
Table 1 Research aims of the articles .................................................................7
Table 2 The average income of women (%) of the average income of men, 1985-2014 .................................................................19
Table 3 Industries where Finnish women and men are employed in 2015 ..........20
Table 4 Level of education by gender in 2012, age group 35-39 .........................21
Table 5 Fathers’ uptake of parental leave and home care allowance ...............22
Table 6 Labour market situation of Finnish women and men 1989-2015, age group 25-34 ..............................................................................22
Table 7 Part time and fixed-term employment by gender, 1997-2015 ..........23
Table 8 Finnish central labour market organisations ..................................30

FIGURES
Figure 1 Vieraskynä, a column, written for Helsingin Sanomat .........................9
1 INTRODUCTION

“The problem isn’t that women would receive less pay for the same job. The strict gender segregation of the labour market is the main reason why the differences in average wage for men and women seem big. The more specific the comparison is, the smaller the gender pay gap becomes. When comparing within the exact same job, a woman’s euro is 97 cents”

Quote from a column “A woman’s euro is 97 cents” by Heidi Marttila (2015), Confederation of Finnish Industries

The gender pay gap is a persistent challenge in different national contexts. Within these contexts, however, the underlying mechanisms that have resulted in the gender pay gap can take different shape. In Finland, the gender pay gap has been resistant to policy measures implemented in order to reduce it. This thesis aims at shedding light on some of the central features of Finnish society, its institutional context, central actors, and stakeholders, and how these are linked to the apparent failures of Finnish equal pay policy. A key question is the undervaluation of women’s work, how it has become institutionalised in the structures of Finnish labour market, and how it can be understood and conceptualised. Another key question is to what extent equal pay policy is successful in addressing the question of undervaluation.

Typically, gender segregation of the labour market is offered as an explanation for the aggregate gender pay gap. Men and women work in different industries and different occupations and this is assumed to result in different levels of pay for men and women. The column by Marttila from which the quote above is taken, argues that in the same jobs women receive 97 percent of the wage that men receive; thus in fact, the gender pay gap is only 3 per cent. This represents the official view of the Confederation of Finnish Industries, which is a powerful actor in Finnish policymaking and involved in, for example, the Equal Pay Programme of the Finnish government and central labour market organisations (Ministry of Social Affairs and Health, 2007, 2016). When central actors in the field do not agree on the nature of the phenomenon, it will have consequences for the development of policies.

Gender pay equity has been at the centre of gender equality policy for decades. Given the amount of attention paid to the question of gender pay equity, policy outcomes have been surprisingly modest. In Finland, the aggregate gender pay gap has remained rather constant since the 1980s. The quote above highlights the contested nature of, and the ongoing discursive struggle (e.g. Lombardo et al., 2009, Freidenvall, 2009) on, the gender pay gap. There is no consensus on the state of gender pay equity: what the current situation is, how it can be understood and how it should be. Most commentators would agree that the aggregate gender pay gap in Finland is 17 per cent (Official Statistics of Finland, 2014), although this also depends to some extent to which indicator is chosen. Other than this, the views on the gender pay gap and how it should be understood vary to a great extent.

While the view of the Confederation of Finnish Industries might be seen by some as extreme, it is in line with mainstream economic views of what constitutes the gender pay gap and how it can be explained. A large body of scholarship on the gender pay gap exists (e.g. Blau and Kahn, 2001, 2007, Arulampalan et al., 2007, for Finnish studies see e.g. Vartiainen, 2001, Luukkonen et al., 2004, Ministry of Social Affairs and Health, 2008).

1 Author’s translation from Finnish to English.
Much of the research conducted within the field of mainstream economics has the aim of trying to decompose (e.g., Oaxaca, 1973) the gender pay gap in order to find out what part of it can be explained with certain variables, such as educational background, and what part constitutes discrimination. In Finnish studies, these kinds of techniques reduce the gender pay gap from the aggregate 17 per cent to approximately 5 per cent in same and similar jobs (e.g., Vartiainen, 2001).

Having said that, can we readily accept gender segregation of education and occupations as an explanation for the aggregate gender pay gap and reduce it to more acceptable levels by explaining it with chosen variables? Many scholars, myself included, would argue that this is to oversimplify a complex issue. Alternative ways of understanding the gender pay gap can be found within the fields of, for example, feminist political economy and the feminist institutional approach to wages that take a critical stance regarding the mainstream understanding of the gender pay gap and the assumptions behind it (e.g. Jefferson and Austen, 2015, Austen et al., 2013, Rubery et al., 2005, Grimshaw and Rubery, 2002, Figart et al., 2001, Lehto, 2007, Nelson, 1996).

If women’s lower wages are not the result of them choosing to work for inherently lower paying jobs and industries, where does the gender pay gap come from, and what makes it so resistant to policy measures that are implemented in order to reduce it? I believe, and argue, that the persistent gender pay gap is the end-result of a complex dynamic that comprises several factors, such as historical development, institutional context, women’s secondary position in the labour market, the higher value attached to work conducted by mainly men, societal valuations, power struggles between different interest groups and the undervaluation of women’s work. These issues and their links to the overall success of equal pay policy are the focus of this thesis.

Unlike much of the scholarship on gender pay equity, the main topic of my research is not the gender pay gap itself and how it should be measured. This thesis adopts the view that the aggregate gender pay gap of 17 per cent in Finland is above acceptable levels and needs to be reduced. Instead of explaining the gender pay gap, I aim to offer a more comprehensive sociological understanding of Finnish society, its historical development, and the kind of citizenship it has offered to its female citizens. I discuss the dual role of the welfare state: it has both enabled women’s full time employment by providing social services such as day care, but also created a lower paying secondary labour market for women, who typically find employment in the public sector working for the welfare state. I also discuss the role of central labour market organisations in institutionalising the wage relativities between the different industries in the Finnish labour market and protecting their vested interests in policy making, in which they play a powerful role.

1.1 Defining the field of study

My research and this thesis are interdisciplinary and as such, the literature to which they seek to contribute are not located in a single field of study. Rather, my research stands at the intersection of several bodies of research. In this section, I introduce several literatures that are closely related to my work. I also elaborate on the contribution my thesis seeks to make to the existing scholarship in my specific research area. Recently, Saari (2016a) called this interdisciplinary research area samapalkkaisuuden politiikka which is the exact same wording, although in Finnish, as the title for my dissertation: The politics of gender pay equity (see also Koskinen Sandberg, 2015). This area of research thus needs to take on board the political nature of wage determination.
As stated earlier, the great majority of studies on equal pay and the gender pay gap are statistical analyses of the factors that affect or explain the pay gap (e.g. Blau and Kahn, 2001, 2007, Vartiainen, 2001, Luukkonen et al., 2004). Most of these studies have found that variables such as age, level of education and work experience explain the wage differences between men and women to a great extent, while typically some part of the pay gap is left unexplained and understood as resulting from wage discrimination. This is an important field of study that helps us to understand what kind of conditions are behind the gender pay gap. As a sociologist, I do not, however, define my own work as belonging to this particular field. I aim to understand the societal level phenomena, both historical and current, that have resulted in gender inequality in the Finnish labour market, and that are the mechanisms behind wage inequality. There are not many studies that are similar to mine, but there are certain studies that have been very inspirational and helped me to understand certain aspects of my research topic.

Sociological (or institutional as some authors call it) understandings of wages are closely related to my personal understanding of wages. In these studies, wages are seen as shaping and reflecting gender, class and ethnicity (e.g. Figart et al., 2002), and the role of institutions and historical developments in shaping current wage determination practices is emphasised (e.g. Austen et al., 2013, Jefferson and Austen, 2015). My thesis contributes directly to this literature by exploring the role of different historical developments and institutional actors in shaping current gendered wage determination practices in Finnish society.

Another closely related field is comparative scholarship on equal pay legislation (e.g. Saari, 2015, Smith, 2011, Zeigler, 2006, Fransson and Thörnqvist 2006, Baker and Fortin, 2004). Equal pay policies and legislation vary in different national contexts but the scholarship in this area highlights the main problem that the implementation of equal pay legislation faces: it does not address the difficult question of the undervaluation of women’s work. Similarly, studies on organisational practices, and especially pay practices, highlight a similar finding, namely, that through a variety of mechanisms, gender inequality is deeply embedded in organisational practices. Organisations can be seen as inherently gendered (e.g. Acker, 1990), and HRM practices such as job evaluation and performance appraisal are seen as producing and hiding biased results instead of neutrally evaluating job demands and individual performance (e.g. Acker, 1989, England, 1992, Steinberg, 1990, Rubery, 1995, Dickens, 1998).

In addition to being HRM practices, pay systems in Finland are often directly linked to collective agreements. Thus, collective bargaining and corporatist politics are another closely related field of study. Earlier studies have typically argued that collective bargaining promotes equal pay (e.g. Heery, 2006, Colling and Dickens, 1998), while I argue that it can also have the opposite effect as collective agreements institutionalise current wage relativities. More specifically relevant to Nordic societies, corporatist politics, especially in relation to gender equality policy, have received insignificant attention. There is some earlier Finnish scholarship in this area (Saari, 2015, 2016a, Salmi and Lammi-Taskula, 2014, Ikävalko, 2010) that highlights the powerful role the social partners have in policy-making and how this results in less-than-ideal policies.

To summarise: the central thematic areas of my thesis are the mechanisms behind the gender pay gap, policies addressing it, and the role of corporatist politics in institutionalising it. My thesis makes a significant contribution by addressing and conceptualising a broad spectrum of phenomena that are behind the gender pay gap as an outcome.
Research aim

This thesis discusses Finnish and international equal pay policy and their institutional, societal and organisational contexts. This is done on several levels: policy (undervaluation of women’s work, policy mechanisms, legal framework), societal (the Finnish context, welfare state, state feminism, gender systems, patriarchy), institutional (Finnish industrial relations, tripartism), ideological (feminism and neoliberalism), and organisational (gendered practices, evaluation-based pay systems and equal pay comparisons). The individual level is not discussed in detail in this study, which mainly focuses on more collective level phenomena.

The aim of this study is to locate reasons for and explain the mechanisms behind the fact that the current equal pay policy has had limited success in narrowing the gender pay gap in Finland. I approach this issue through three articles, each of which addresses an issue that is critical to Finnish and international equal pay policy. The topics that I have chosen to write in are: 1) the role of collective agreements in institutionalising gendered valuations in wage setting in the Finnish local government sector, 2) evaluation-based pay systems and the assumption that they inherently promote gender pay equity, and, 3) non-decision making in tripartite policy process and the way it affected the drafting of the new Finnish gender equality legislation. I aim to answer the following research questions:

1) How can gender inequality in wage determination be understood and conceptualised?

2) What kind of historical, contemporary, societal, institutional and organisational factors can be seen as contributing to the gender pay gap in the Finnish labour market?

3) What role do the employer and employee organisations have in policy making, and with what implications?

4) How successful has Finnish equal pay policy been? What are the main shortcomings?

The first part of the thesis (the Kappa) presents a broad-ranging picture of the Finnish context based on earlier scholarship. The key findings of the articles are also summarised and discussed in the Kappa, together with the broader framework. I aim to make several contributions to scholarly debates:

- The undervaluation of women’s work, and how that can be conceptualised and studied;
- Intertwining inequalities in evaluation-based pay systems and wage determination more generally;
- Non-decision making in the tripartite policy process;
- The profound impact the institutional contexts have on wage determination, and the success of equal pay policy; and the crucial importance of in-depth understandings of that context.
1.2 Key concepts

The following concepts are central in the thesis:

**Politics:** Here, politics are understood as the power struggles between the central actors in the field (the state, femocrats, trade unions and employer organisations) and their attempts to advance their own agenda and/or protect their vested interests.

**Policy:** A general term referring to rules, guidelines and legislation intended or assumed to be implemented in order to meet an objective. This thesis mainly uses the concept of policy to refer to equal pay policy.

**Equal pay policy mechanisms:** This concept refers to policy measures designed and adopted in order to address the gender pay gap and to achieve gender pay equity. I use the concept to refer to both Finnish policy and international (ILO, EU, UN) policy.

**Gender pay equity:** The concept of gender pay equity refers to the state of affairs where women and men receive equal remuneration for equal job demands and performance, both within organisation and in the labour market in general. I use the concept broadly to refer to the objective that women's work is valued and remunerated equally to work performed by men.

**Gender pay gap:** In this thesis, the concept of gender pay gap refers to the unadjusted wage difference between men and women. There are different ways of calculating the gender pay gap. I use the same indicator that was chosen for the Equal Pay Programme based on expert advice, which was the Index of wage and salary earnings by Statistics Finland. The index measures salary earnings for regular working hours. Currently, the gender pay gap is 17 per cent.

**Wages as social practice:** This concept refers to the view in which wages are based on a cultural understanding of a worker's appropriate place in the hierarchy of jobs. Wages shape and reflect gender, class and race-ethnicity. They are not only based on productivity or assessment of job demands. Cultural beliefs and valuation affect how jobs are viewed and what level of wages jobs are understood to deserve (Figart et al., 2001).

**Institutionalised undervaluation:** The concept of institutionalised undervaluation refers to how the undervaluation of women's work is embedded in the formal structure of wage determination, such as collective agreements. Institutionalised undervaluation originates in the gendered understandings of the appropriate wage for work conducted by men and women. However, it has become a part of the formal structure and the gendered nature of the structure often remains invisible and unrecognised (Koskinen Sandberg and Kohvakka, 2015).

**Intertwining gender inequalities:** This concept refers to how the different sources of gender inequalities, undervaluation and cultural understandings of appropriate wage levels for work conducted by men and women become intertwined with the formal wage determination processes and practices, distorting the outcomes and retaining gender differentials in wages paid (Koskinen Sandberg, forthcoming).

**Gender-neutral legitimacy:** This concept refers to how the pay systems make unequal gendered wage determination practices seem legitimate. Gender-neutrality hides the underlying gendered valuations that are present in job classifications and the hierarchy (re)produced by job evaluation (Koskinen Sandberg, forthcoming).
**Non-decision making:** Non-decision making as a concept refers to situations where there are significant but latent power conflicts, and actors limit decision-making to relatively non-controversial issues by influencing community values and political procedures and rituals (Bachrach and Baratz 1962, 1963, Marchbank, 2000).

**Tripartite policy process:** this concept (e.g. Salmi and Lammi-Taskula, 2014) refers to the practice in Finland and some other countries of involving the social partners in shaping policy and legislative initiatives. These are negotiated on in tripartite working groups that seek to find a solution acceptable to all parties. Although rarely studied or even discussed in public, the interests of the central employer and employee organisations play a powerful role in Finnish policy-making within this kind of system.

### 1.3 Thesis structure

The thesis comprises 10 chapters altogether. The introduction presents the research objective, research questions and key concepts. The second chapter discusses reflexivity and the research philosophy. The third chapter presents different features of and perspectives on equal pay policy. The fourth chapter elaborates issues concerning Finnish society. The fifth chapter present the institutions, that is, the actors in the Finnish labour market policy. The sixth chapter discusses the ideological underpinnings that are relevant for the success of equal pay policy. The seventh chapter looks into the organisational perspective. After these, the following chapters present the data and methods used in this thesis. Ninth, the main research findings of the three articles are presented. Finally, contributions of the thesis to academic debates, as well as policy and practice, are discussed, along with directions for future research. The three articles (Table 1) can be found in the Appendices.

All three articles have their specific research questions that contribute to the wider overall research aim of the thesis. Article 1, “The institutionalised undervaluation of women’s work: The case of Finnish government sector collective agreements”, addresses gender-based undervaluation of feminised work in the Finnish local government sector and how it is institutionalised in the collective agreements of the sector. Article 2, “Intertwining gender inequalities and gender-neutral legitimacy in job evaluation and performance-related pay”, addresses the assumption in equal pay policy that evaluation-based pay systems promote gender pay equity. The results of Article 2 show that wages determined with these pay systems are the end result of a complex gendered process. Article 3, “Non-decision making in the reform of equal pay policy: The case of Finnish gender equality legislation”, discusses non-decision making in the tripartite policy process and how it affected the shaping of the reformed Finnish gender equality legislation. It also discusses the potential effectiveness of the legislation.
<table>
<thead>
<tr>
<th>Title of the article</th>
<th>Research aim of the paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The institutionalised undervaluation of women’s work – The case of local government sector collective agreements</td>
<td>The aim of the article is to analyse the role of collective agreements in institutionalising and legitimising the undervaluation of women’s work in the Finnish local government sector, thus contributing to the gender pay gap within the organisation as well as the local government sector as a whole.</td>
</tr>
<tr>
<td>2. Intertwining gender inequalities and gender-neutral legitimacy in job evaluation and performance-related pay</td>
<td>The aim of the article is to critically analyse the assumption that evaluation-based pay systems automatically promote gender pay equity and to provide evidence of the intertwining inequalities and gender-neutral legitimacy in pay systems.</td>
</tr>
<tr>
<td>3. Non-decision making in the reform of equal pay policy – The case of Finnish gender equality legislation</td>
<td>The aim of the article is to analyse an example of non-decision making in the Nordic tripartite policy process, namely the reform of the Finnish gender equality legislation and guidelines for equal pay comparisons.</td>
</tr>
</tbody>
</table>
2 THE RESEARCHER

2.1 My background and its implications for my research

Although objectivity has been and continues to be the ideal for science, research is never completely objective and value-free. I have a background that has led me to be interested in gender pay equity, policy and politics. In addition to research interests, I have a policy and political agenda: I would like to see the gender pay gap narrow. I would like my research to contribute to this objective by producing a deeper understanding on critical aspects of Finnish and international equal pay policy.

My background before doctoral studies is not the most typical. Before starting the PhD process, I had been working in research projects for roughly ten years. Initially, I worked in supporting roles but over time developed expertise and moved on to more demanding research tasks. Most of the research projects that I took part in investigated a certain aspect of Finnish or European working life (e.g. Husu and Koskinen, 2010a, 2010b, Ikävalko et al., 2011, 2012, Koskinen, 2009, 2012, Hearn et al., 2015).

While my thesis work formally started in January 2014, my working and researching on pay equity had commenced six years earlier when I was working as a researcher in the Finnish Metal Workers’ Union and was responsible for pay issues. Even before that, gender pay equity had been my long-standing interest. As a representative of this trade union, I was also a member of the steering group for the Research on Reward Practices team at Aalto University. Later, I made a career move and joined that research team in order to work as a researcher for a project called Gender Equality into Pay Systems (Tasa-arvoa palkkaukseen in Finnish) (Ikävalko et al., 2011). This was a participatory action research (e.g. Whyte, 1991) project in which we studied and assisted the development of pay systems of 18 participating organisations for three years. This research experience provided data for two of the articles in this thesis.

The column in Picture 1 was co-authored with Roosa Kohvakka during the project, and the main content albeit in brief is in line with what I am arguing with my thesis six years later: namely, that the undervaluation of women’s work is the result of historical and societal developments. The title roughly translates as The gender pay gap has its roots in history. The column is about the complex dynamics behind the gender pay gap as an outcome (Koskinen and Kohvakka, 2010).

The Gender Equality into Pay Systems project was funded by the European Social Fund and co-ordinated by the Equal Pay Programme at the Ministry of Social Affairs and Health, Gender Equality Unit. The Gender Equality Unit is the governmental actor in charge of Finnish gender equality policy. After the project ended, I had the opportunity to work for the Equal Pay Programme. After that, I worked for yet another project called Women’s Careers (NaisUrat in Finnish) (Hearn et al., 2015a, 2015b), co-ordinated by the Equal Pay Programme, this time on women’s career development. This is the time when I joined the Hanken School of Economics, my current university. After my fixed-term contract ended, I applied to stay at Hanken and finally began working on my PhD on the topic I know best and am most interested in: gender pay equity.

---

2 Vieraskynä is a column published in Helsingin Sanomat, a major national news paper. Vieraskynä features expert writings, often by researchers, on a variety of topics.
In my work as a researcher, I have worked closely with several organisations and gained insights into the organisational practices that affect gender-based differences in pay, especially at the organisational level. In addition, in several contexts I have worked within the tripartite (government, trade union confederations and employer organisations) setting itself; therefore, I have been able to observe tripartism in action. While working for the Equal Pay Programme at the Ministry of Social Affairs and Health, I witnessed a tripartite policy process in action around developing gender equality legislation. I found the process so intriguing that I drew on this in writing an article about the following stage of the process as part of my thesis.

My role has been, both as a researcher and as a government official, that of an active change agent (e.g. Callerstig, 2014). This kind of positioning, where one has several roles, has been described as the multiple agent perspective (e.g. Husu 2001). This affects my positioning in my own research. I have both insider information and my own personal interest and agenda in the area in which I conduct research. Therefore, my position is not neutral. Instead, I wish to contribute to both academic and policy discussion around gender pay equity.

2.2 Research philosophy

This section discusses the assumption underlying my research approach. Burrell and Morgan (1979) define ontology as assumptions of the essence of the phenomena under investigation; is reality “out there” or does it exist in one’s mind alone? What is there? On the other hand, epistemology refers to the grounds of knowledge, what can be known, and how that knowledge can be obtained. A third key concept is methodology. The methodology used in a given research setting is directly influenced by the ontological and
epistemological assumptions in use (Burrell and Morgan, 1979), even if they are not conceptually distinct.

To continue with the Burrell and Morgan (1979) framework; the ontological assumptions of my research can be described as realist. I do believe that the world indeed does exist independent of myself and other individuals. While I think that the individuals actively contribute to the social world, I believe that the world existed prior to the existence of the individual. The epistemological approach of my research project is somewhere in the middle of positivist and anti-positivist, in that elements of both are relevant and significant. As in the positivist tradition, I believe that the growth and accumulation of knowledge is important in research. That is the best way to know something reliably and accurately. However, contradicting some versions of positivism, I do consider that an insider position in relation to the phenomenon under investigation can be superior to that of an outsider. I believe that in order to conduct good, insightful research, an in-depth understanding of the research topic is crucial. Accordingly, I do not believe in objective, value-free science.

In terms of my views on methodology, I would argue that the best way to understand phenomena is to obtain first-hand knowledge of the phenomena under investigation. For me, first-hand knowledge does not necessarily mean small-scale subjective accounts. First-hand knowledge can take many forms and can be achieved through, for example, working in an action research project with and within organisations. This kind of in-between approach is in line with my overall research philosophy: critical realism and the feminist institutional approach to wages, introduced in the subsequent paragraphs.

Ackroyd and Fleetwood (2000) argue that much substantive work in the field of management and organisation is not rooted in either positivism or postmodernism. In the middle-ground between positivism and anti-positivism (postmodernism) is realism. The realist believes that the reality indeed does exist independent of our investigation of it. Critical realism acknowledges that the social world is socially constructed (e.g. Berger and Luckmann 1966), but not solely socially constructed; many things exist independent of our identifications of them. Porter (2000, p. 142) describes critical realism as “an attempt to explain the relationship between social structure and human action”. The assumption behind critical realism is that human action is both enabled and constrained by social structures. Every action requires the pre-existence of structures and mechanisms which the actor draws upon and, by drawing upon the structures and mechanisms, the actor reproduces them or transforms them (Fleetwood, 2014, p. 129). Social structure is both the medium and the outcome of social action, and agents and structures are mutually constitutive entities with equal ontological status (Giddens, 1984). In this thesis, instead of focusing on individual agency and individual agents, the collective agency of central actors (e.g. trade unions, employer organisations and femocrats) and its role in either challenging or upholding social structures is addressed.

In critical realism, the world is stratified into three domains: the empirical, the actual and the deep (Fleetwood, 2014). In this stratification, the distinction is between what is empirically observed, what actually occurs and what structures and mechanisms underlie the previous. The idea is that empirically observable phenomena are caused by underlying “deep” structures and mechanisms. What is interesting about such structures and mechanisms is that they may or may not manifest themselves in actual and observable events. Thus, we cannot assume an absence of underlying cause by the absence of observable event. The deep structures and mechanisms are present even when the observable event is not (Fleetwood, 2014). A simple example of an observable event is the gender pay gap. It is observable and it can be measured. The underlying, deep
structures and mechanisms are what cause the observable gender pay gap. The underlying structures and mechanisms are not as easily observable and measurable, but that does not imply that they do not exist. The underlying structures and mechanisms are, however, more challenging to study than the observable events.

The overall approach used in this thesis is a feminist institutional approach to wages\(^3\), which emphasises the role of formal and informal institutions and historical and societal developments in shaping current wage determination practices (Jefferson and Austen 2015, Austen et al., 2013, for feminist institutionalism see Waylen, 2014, Freidenvall and Krook, 2011, Beyeler and Annesley, 2011Mackay et al., 2010, Mackay, 2011). The way in which the approach is used here is specifically linked to wage determination practices and the dynamics behind these practices. By institutional, I mean both formal institutions (laws and regulations, collective agreements) and informal institutions (social norms and conventions). I also expand the notion of institutions to cover broad social phenomena such as regimes, with examples being welfare state regimes and gender regimes (Beyeler and Annesley, 2011) and institutional changes, such as globalisation, privatisation, decentralisation and neoliberalism, and their role in shaping gender relations (e.g. Krook and Mackay, 2011).

The view expressed in the feminist institutional approach is that in order to understand the nature of wages and the gender pay gap it is crucial to understand the historical and institutional contexts that have shaped the wages currently paid in different jobs and industries (see also Figart et al., 2001), as well as the underlying structures and mechanisms (Fleetwood, 2014). Applying a feminist institutional approach to studying wages does not exclude using quantitative methods. However, understanding the sources of differences between men and women’s wages requires a comprehensive analysis of the institutional context, and scholars using this approach have often drawn on smaller scale, local projects and data. The feminist institutional approach understands wage determination as inherently associated with social structures and power within those structures (e.g. Jefferson and Austen, 2015, Austen et al., 2013; see also Giddens, 1984). Further developing the institutional approach, I also emphasise the political nature of wage determination, the politics of gender pay equity (e.g. Saari, 2016a, Koskinen Sandberg, 2015). Wages are, in addition to being the outcome of historical developments, a subject of ongoing political power struggles.

\(^3\) Feminist Institutionalism (FI) is a specific field of studies. Here I use the word “approach” to emphasise that I mean a more generic approach that acknowledges the role of institutions and historical developments in shaping current wage determination practices.
3 POLICY

3.1 Four perspectives on the gender pay gap

Equal pay policy targets the gender pay gap and aims at reducing it through a variety of policy measures. There is a variety of issues and policy mechanisms that are linked to the objective of narrowing the gender pay gap. Some approach the issue of wage determination directly; some are thought of as providing support for women’s labour market participation and career progress, thus promoting gender pay equity.

Policies are not shaped in a vacuum but reflect a variety of influences, opinions, competing demands and motivations (Marchbank, 2000). Bacchi (1999) argues that each policy “gives shape and meaning to the problems they purport to address” (Bacchi and Eveline 2010, p. 111). Choice on how the “problem” is presented affects the measures taken in order to solve or resolve it. Whether we see the gender pay gap as resulting from women choices, discrimination, or, for example, undervaluation, will impact upon the policy measures that we think should be implemented in order to tackle the problem.

The most common policy measures can be classified into four categories. The different issues and approaches represent the four perspectives on equal pay (Rubery and Grimshaw, 2015): the economic, the sociological, the institutional and the organisational perspective. Although Rubery and Grimshaw did not directly address policy, their framework is very useful for analysing policy. Each of the perspectives offers a different lens through which the question of unequal pay may be viewed. They also imply different remedies for pay inequality. The fourfold classification captures many essential features on equal pay policy and the assumptions behind it. In reality, the categories overlap, and it is not easy to make a distinction between, for example, the economic and the sociological perspective, which both focus on the behaviour and choices of women and men, and their consequences for women’s and men’s labour market position. Also, many features of the institutional and organisational perspectives overlap, such as wage determination.

The economic perspective represents the dominant view of the causes of and remedies for pay inequality. This view focuses on the attributes and behaviour of individual women and men instead of structural issues. According to the economic perspective, women’s lower wages are the result of women’s lesser investment in education, career interruptions for family reasons, lack of career orientation and the search for work-life balance (e.g. Mincer, 1958, Kellokumpu 2006, Chevalier, 2007). Now that the level of education explains a shrinking share of the pay gap, that is, women today are more educated, the focus has also been on the field of education and employment (e.g. Vartiainen, 2001, Chevalier, 2007). Further, in Finland, where women are actually more educated than men and the gender pay gap is therefore not explained by women’s lesser investment in education (e.g. Estevez-Abe, 2005), the pay gap is routinely presented as resulting from gender segregation within the labour market (e.g. Ministry of Social Affairs and Health, 2008, Korkeamäki et al., 2004). The remedy then from this perspective is the attempt to motivate women to enter male-dominated occupations.
The sociological perspective on the gender pay gap emphasises women’s role as carers and men’s role as breadwinners, which in turn produces gender inequality in the labour market (e.g. Haataja, 2008). The associated policy objectives here have been to influence the traditional or conservative gender roles and, for example, increase fathers’ uptake of parental leave (Haataja, 2008). During earlier decades, the growth of the Finnish welfare state has been supportive of women’s employment (Julkunen, 2009). More recent developments, after the recession in the 1990s, can be seen as working in the opposite direction. There has been a rise in conservative family values, with strong support for “temporary home-making” which in practice means that many Finnish mothers stay at home until their child turns three (Hämäläinen and Haataja, 2010). This also reinforces the father’s role as the main breadwinner.

The institutional perspective looks at the role of central actors and institutions, such as the trade unions, in promoting equal pay. Collective bargaining has indeed been associated with lower gender pay gaps (Colling and Dickens, 1998, Heery, 2006, Elvira and Saporta, 2001), and the decline of collective bargaining with the widening of wage inequality (Rubery and Grimsaw, 2015). Even though there are clear positive aspects to collective bargaining, collective agreements can also institutionalise and maintain gendered structures of the labour market and wages (e.g. Rubery and Koukiadaki, 2015, Koskinen Sandberg and Kohvakka, 2015). Although central for wage determination in several national contexts, collective agreements and their impact on the gender pay gap are rarely included in the analysis on the gender pay gap.

The organisational perspective is in many ways central in current equal pay policy. It draws attention to issues such as gender biases in pay systems (e.g. Acker, 1989, England, 1992, Steinberg, 1992, Koskinen Sandberg, forthcoming) and women’s challenges in career mobility (e.g. Castilla, 2005, Hakim, 2006, Kauhanen and Napari, 2009, Husu, 2001, Husu and Koskinen, 2010). The remedies drawn from this perspective are, for example, gender equality planning and pay surveys, a central policy measure in Finnish equal pay policy. The weakness of the organisational perspective is that it is limited in scope since it only targets single organisations, and even successful promotion of equal pay within an organisation influences the aggregate gender pay gap only very marginally.

Despite of the variety of policy measures implemented, the gender pay gap has proven to be highly persistent. Rubery and Koukiadaki (2015) argue that this is due not only to failures of policy as such but the constantly changing environment as well. In the case of Finnish equal pay policy, I understand the modest policy outcomes to be a combination of the challenging institutional, political and economic environment, and focusing on sociological, organisational and to some extent, economic perspectives instead of the institutional perspective. Policy targeting the institutional wage setting, primarily collective bargaining and collective agreements, is very likely to be the most effective way to affect directly wage relativities between the industries, thus the aggregate gender pay gap. Instead, current equal pay policy focuses on organisational processes and practices, such as gender equality planning and pay systems (e.g. Saari, 2013, Ministry of Social Affairs and Health, 2007).

---

4 “Sociological” as a term could be understood very differently, i.e. referring to broader societal structures, but in this framework, it refers to women’s and men’s different roles in care, which produce inequality in the labour market.
3.2 Undervaluation of women’s work as a political question

“The export industry led approach means that in the future we can avoid the “Sarah the Nurse”-type large scale wage increases that we experienced in 2007”

Quote from an article by Marjukka Liiten (2016) in *Helsingin Sanomat*

Although much of current equal pay policy (e.g. Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014) focuses on organisational level measures such as gender equality planning, many scholars would argue that the central issue is the undervaluation of women’s work and how that should be resolved (Rubery and Koukiadaki, 2015, Grimshaw and Rubery, 2007, Austen et al., 2013, Cohen and Huffman, 2003, Korkeamäki, 2012, Koskinen Sandberg and Kohvakka, 2015). According to Grimshaw and Rubery (2007) undervaluation of women’s work can take two forms: a) being paid less than men for same or equally demanding jobs, for the same employer and b) being employed in jobs and industries that are undervalued. The first form, being paid less for work of equal value, is familiar within scholarship on comparable worth (e.g. Acker 1989), as well as in policy measures on pay equity (e.g. ILO Equal Remuneration Convention No. 100). The second form of undervaluation escapes much of the current equal pay policy, which tends to be focused on comparisons between men’s and women’s wages and job demands. Undervaluation, however, is likely to occur in jobs and industries that are highly feminised.

This thesis contributes to the understanding of the question of the value of women’s work and how it is socially constructed by introducing the concept of institutionalised undervaluation (Koskinen Sandberg and Kohvakka, 2015). By institutionalised undervaluation, my co-author and I mean how the undervaluation of women’s work is embedded in the formal structure of wage determination, such as collective agreements. Institutionalised undervaluation originates in the gendered understandings of appropriate wage for work conducted by men and women. However, it has become a part of the formal structure, and the gendered nature of the structure often remains invisible and unrecognised. Grimshaw and Rubery (2007) state that not only is undervaluation a legacy from earlier contexts, it is also an ongoing process that is shaped by actions of employers, governments, trade unions and other social actors.

Figart et al. (2002) conceptualise wages as serving three different functions: wages as a price, wages as a living and wages as a social practice. Wages serve all three functions simultaneously; they are a price for conducted work, supposed to provide a living for the worker and based on societal understandings of the relative worth of the work conducted. Wages as a price is the dominant view within mainstream economics view discussed earlier and similar to Rubery and Grimshaw’s (2015) economic perspective introduced in the previous section. According to this view, wages reflect the productivity of jobs as well as market factors. Wages as a living represents the view that wages should be enough to ensure a decent standard of living for the worker and often his or her family. This view corresponds to the sociological perspective discussed earlier that focuses on the role of men and women as carers and breadwinners. Wages as a social practice is the third

---

5 Sarah the Nurse (Sari Sairaanhoitaja) is a fictional character that was used in the campaign of the National Coalition in 2007 parliamentary elections. The National Coalition promised this underpaid group wage increases. In 2007 The Union of Health and Social Care Professionals in Finland threatened to go on strike if they did not get wage increases. They received an increase but other industries received an increase as well, resulting in an overall increase of labour costs. This has been partly blamed for the difficult economic situation in Finland since 2008.

6 Author’s translation from Finnish to English
perspective. According to this perspective, wages are based on societal understandings of a workers' appropriate place. Wages shape and reflect gender, class, race and ethnicity (see also Austen et al., 2013, Grimshaw and Rubery, 2007). The understanding of appropriate wage levels for men and women is deeply rooted in the societal value systems. If I were to name these different categories introduced by Rubery and Grimshaw (2015) and Figart et al. (2002), I would call “wages as a social practice” a sociological perspective on wages.

In this study, I mainly focus on the “wages as a social practice” aspect. Theories of practice “locate the source of significant patterns in how conduct is enacted, performed or produced” (Gherardi, 2009, p. 115, see for e.g. Acker, 1992, 1997, Rantalaiho and Heiskanen, 1997 on gendered practices). When conceptualising wages as a social practice, wages are understood to be based on the societal understanding of appropriate level of wage for certain jobs and certain employee groups. These understandings are often gendered. As undervaluation of women’s work is institutionalised and embedded in the formal structure of wage determination, it is a structural issue. Therefore, the question should be addressed through political decision-making and there needs to be political will to resolve the issue. To view wages as purely reflecting productivity, individual choice or market forces is to oversimplify the issue.

An example of institutionalised undervaluation is the Finnish local government sector, further discussed in Article 1. The sector uses five major collective agreements for different employee groups, resulting in different wage levels for men and women working for the same employer. Much of the feminised, low-paid reproductive work of Finnish public sector is conducted within the local government sector. Contrasting with the widely accepted mainstream view that gender pay gap is explained by gender segregation (wages as a price), the undervaluation of feminised work in the local government sector has been acknowledged to some extent. The Government programme 2007-2011 even promised state support for pay increases for feminised jobs in the local government sector where pay is not in line with job demands. In practice, this question remains unresolved.

An example of demonstrated political will to resolve the issue of undervaluation can be found in Australia. In 2010, the equal remuneration case that was initiated by the Australian Services Union to Fair Work Australia in order to grant equal pay to a female-dominated group in social and community services sector. Historical undervaluation of work conducted in the social and community services (SACS) sector was successfully demonstrated and pay increases granted (Austen et al., 2013, 2015, see also Smith, 2011 for undervaluation). The Australian equal remuneration case serves here as an example of how understanding wages as social practice might inform equal pay policy.

3.3 Examples of equal pay legislation in different national contexts

The right to equal pay is based on several international agreements and conventions (e.g. 2006/54/EC, ILO Convention 100, 1951, Treaty of Rome, 1957, UDHR, 1948, CEDAW, 1979) as well as national legislation (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014). With the objective of promoting gender pay equity through legislation, different countries have adopted different approaches. In some countries, such as Finland and Sweden, the approach is proactive and employers are obliged to promote equal pay actively. In others, the legal approach is based on anti-discrimination and individuals or groups making equal remuneration claims within such framework. Such is the case in, for example, in the United States, where the Equal Pay
Act, enacted in 1963 is mainly meant to address within-job discrimination. Sara L. Zeigler (2006) examined the limitations of the U.S. equal pay litigations, stating that the law is ineffective regarding the most common form of discrimination, the undervaluation of feminised work (Zeigler, 2006).

Similarly, Smith (2011) argues that the what are called ‘rights-based’ approaches are flawed in that they require women to demonstrate that they are similar to men in order to claim equal remuneration. Rights-based gender equality approaches are generally based on liberal formulations of rights in which there should be nothing excluding women from general rights and obligations of citizenship. The rights can be formulated at both the international and national level, such as in agreements, conventions and legislation (Smith, 2011, see also Saari, 2015). However, the rights-based approaches that rely on demonstrating similarity to men, fall short in addressing central questions such as how to address undervaluation in areas of employment that are highly feminised (Smith, 2011). Critics of rights-based discourses argue that these approaches oversimplify the complex power relations behind pay inequity (Smith, 2011, Smart, 1989).

In certain Australian states, the emphasis of equal pay policy is on the concept of undervaluation, and there is no routine comparison between male-dominated and female-dominated jobs or wages of men and women within a given occupation. What is significant in this approach is that it allows female-dominated employee groups to make equal remuneration claims without establishing equal value to a group of male employees. This approach acknowledges the historical development that has led to the undervaluation of female work (e.g. Smith, 2011, Austen et al., 2013, see also England et al., 1994, Grimshaw and Rubery, 2007).

In Sweden since 2001, all organisations with ten or more employees have been obliged to conduct annual gender equality planning and wage surveys. In addition, Swedish organisations have to explain what they mean by work of equal value as opposed to work of different value (Fransson and Thörnqvist, 2006). The challenges of implementing this policy are similar to those found in Finland: organisations have difficulties in understanding what work of equal value means in practice and how to compare wages in jobs that are different (Fransson and Thörnqvist, 2006).

In Ontario, Canada, equal pay legislation (The Pay Equity Act, 1990) and policy, similar to that of their Finnish counterparts, is used. The legislation is proactive and organisations are obliged to conduct gender equality planning and pay comparisons (e.g. Baker and Fortin, 2004). The legislation in Ontario is older than the Finnish gender equality legislation and has been described as the most progressive equal pay for work of equal value legislation (e.g. Singh and Peng 2009). Experiences from Canada are similar to what has been learnt about the efficiency of current gender equality legislation in Finland. The smallest companies often do not conduct equality planning, in part due to lack of resources. There is also confusion on how to compare the wages (Baker and Fortin 2004). Singh and Peng (2009) found that although there are limitations in the effectiveness of Canadian equality legislation, women have indeed benefitted from this policy, especially these in the public sector. Two decades after the legislation was implemented, the gender pay gap has reduced from 38 per cent to 29 per cent (Singh and Penn 2009).

In the Finnish national legislation, the central gender equality law is the Act on Equality between Women and Men (1986/609, 232/2005, 1329/2014). The Act bans discrimination based on gender and contains an obligation for the employers to promote
gender equality in all their activity. Gender pay equity is central in the Finnish legal framework as the minimum requirements are targeted at promoting equal pay. The minimum requirements set for gender equality plans require employers to create a gender equality plan that includes analyses of the current situation, how men and women are placed in the organisation’s hierarchy and an analysis of job grades, pay and differences in pay between men and women. Even though the law is proactive, it has elements of the rights-based approaches. Employers are also obliged to conduct gender equality planning and pay surveys regularly (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014). The current gender equality legislation dates back to 1987 and it was updated in 2005, when the obligation to conduct pay surveys as part of gender equality planning was included in the legislation. In 2015, the renewed legislation was enacted. The renewal process is discussed in Article 3.

3.4 Finnish equal pay policy

In addition to the gender equality legislation discussed in the previous section, Finnish equal pay policy includes several other elements. In order to reduce the pay gap and improve the situation of women in the labour market, the Finnish government\(^7\) and central labour market organisations launched the Equal Pay Programme in 2006. Through various methods and approaches, the programme aimed at reducing the gender pay gap to 15 per cent by 2015\(^8\) (Ministry of Social Affairs and Health, 2007, 2016). The key areas of the Equal Pay Programme were collective bargaining, decreasing gender segregation, gender equality planning and pay surveys, evaluation-based pay systems, and women’s career advancement. The undervaluation of women’s work in the Finnish public sector was not directly addressed by the equal pay programme, perhaps due to the contested nature of the question and the tripartite setup of the equal pay programme (Julkunen, 2009). Typical of Finnish policy, the Equal Pay Programme was tripartite; in Finland the strategy is to involve the trade union confederations and employer organisations in the decision-making process on the measures taken in order to promote gender pay equity; they are believed to be more likely to implement the measures if they have been involved in shaping them.

Finnish governments outline their strategy and objectives in government programmes. Equal pay among other gender equality questions is usually included in the government programmes (e.g. Government programmes 2003, 2007, 2011), although the current\(^9\) government programme does not include gender equality measures (Government programme 2015). The details of the gender equality measures are then presented in more detail with concrete action plans in gender equality programmes prepared by the Gender Equality Unit (TASY) located in the Ministry of Social Affairs and Health. In line with international equal pay policy and academic literature on what factors influence gender pay equity, issues such as gender pay equity, decreasing gender segregation, advancing women’s careers, work-life balance and parental leave have been continuously on the agenda of government programmes and gender equality programmes.

\(^7\) There have been several governments during the active years of the Equal Pay Programme. The preparations or the Equal Pay Programme were conducted during Prime Minister Vanhanen’s first government, which consisted of the Centre Party, the Social Democratic Party of Finland, and the Swedish People’s Party of Finland.
\(^8\) The Equal Pay Programme continues until 2019.
\(^9\) Prime Minister Sipilä’s Cabinet is a coalition government consisting of three centre-right parties: the Centre Party, the Finns Party and the National Coalition Party.
Government programme 2007-2011\textsuperscript{10} even promised state support for pay increases for female-dominated jobs in the local government sector where pay is not in line with job demands. This acknowledges the problem of undervaluing women’s work in the sector (see also Koskinen Sandberg and Kohvakka, 2015).

Wage increases for the entire Finnish labour market used to be negotiated\textsuperscript{11} in centralised incomes policy negotiations between the government, trade union confederations and employer organisations. Gender pay equity has also been on the agenda of the Finnish incomes policy negotiations and an equality supplement (pay increase) has been allocated several times to jobs that are female-dominated and low paid (Martikainen, 2000). However, in 2015 The Confederation of Finnish Industries announced that from then on it will not negotiate on incomes policy agreements, officially ending centralised collective bargaining in Finland (The Confederation of Finnish Industries, 2015). Today, the locus of equal pay policy is the individual workplace (e.g. Saari, 2013), and the central tool for promoting equal pay is the gender equality plan that is to be conducted in each organisation that employs at least 30 people.

\textsuperscript{10} Prime Minister Vanhanen’s second conservative government was a centre-right/green coalition, consisting of four parties: the Centre Party, the National Coalition Party, the Green League, and the Swedish People’s Party. The cabinet he appointed was the first Finnish cabinet in which there was a female majority (12 women, 8 men).

\textsuperscript{11} 1968-2008 is considered as The Era of Incomes Policy Agreements
4 SOCIETY

4.1 Features of Finnish society and labour market

"Talking about gender equality as self-evident risks removing the remaining problems from the political agenda. This way of talking represents the idea that gender equality has already been achieved in Finland or that the policy mechanisms to promote gender equality are already in place."

Researchers Anna Elomäki, Anu Koivunen, Hanna Ylöstalo and Johanna Kantola (2016) in a web article at politiikasta.fi

Many Finns believe that Finland is a country where gender equality is already a reality (e.g. Ylöstalo 2012, Julkunen 2009, Kiianmaa, 2012). Indeed, in international comparisons Finland and other Nordic countries tend to do rather well (e.g. World Economic Forum 2015), but when Finnish society and the Finnish labour market is examined more closely the picture is more complex, and a great variety of unresolved issues remain. In Finland, the average income of women is 83 per cent of the average income of men (Official Statistics of Finland, 2014). The gender pay gap has proved to be persistent and mostly unaffected by policy measures taken in order to narrow it (see Table 2).

Table 2 The average income of women (%) of the average income of men, 1985-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>The average income of women (%) of the average income of men</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>79%</td>
</tr>
<tr>
<td>1990</td>
<td>80%</td>
</tr>
<tr>
<td>1995</td>
<td>82%</td>
</tr>
<tr>
<td>2000</td>
<td>82%</td>
</tr>
<tr>
<td>2005</td>
<td>81%</td>
</tr>
<tr>
<td>2010</td>
<td>82%</td>
</tr>
<tr>
<td>2014</td>
<td>83%</td>
</tr>
</tbody>
</table>

Source: Official Statistics of Finland, Index of wages and salary earnings

The key characteristics of gender-based differences in pay in Finland are the unusually strong horizontal segregation of the Finnish labour market combined with the lesser appreciation and valuing of jobs and fields that are female-dominated (e.g. Ministry of Social Affairs and Health, 2008, see also Estevez-Abe, 2005, 2006), features that are surprising for a society that is considered gender-equal. The often strong vertical segregation within organisations also contributes to the gender pay gap. Finnish men and women work in different jobs and industries – men often in the private sector in industries, such as manufacturing and construction, while women often work in the public sector in industries such as health care, social services and education (Official Statistics of Finland, 2014).

12 Author’s translation from Finnish to English
13 Researchers from a project Tasa-arvotauje (Gender equality deficit in English) that was formed as a reaction to Prime Minister Sipilä’s government programme that was perceived to have adverse effects of gender equality.
Statistics of Finland, 2015). To put it simply, women tend to work for the Finnish welfare state or the private service sector (see Table 3).

Even though the gendered structure of the labour market as a whole and of Finnish organisations is very obvious, Finns typically do not identify this as a problem. An interesting aspect of how the gender pay gap is talked about is that it is also simultaneously recognised as existing and thought of as not existing, or at least being justified by differences in the male and female labour force and the personal decisions made by Finnish men and women. The rationale for this way of thinking is that women choose to work in low paying feminised jobs, not that those jobs are low paying because they are mainly occupied by women (e.g. Ylöstalo, 2012).

Table 3  Industries where Finnish women and men are employed in 2015

<table>
<thead>
<tr>
<th>Industry (TOL 2008)</th>
<th>Employed women, 1000 persons</th>
<th>Employed men, 1000 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing, mining and quarrying</td>
<td>27</td>
<td>82</td>
</tr>
<tr>
<td>Manufacturing; electricity, gas, steam, and air conditioning and water supply; sewerage and waste management</td>
<td>90</td>
<td>262</td>
</tr>
<tr>
<td>Construction</td>
<td>13</td>
<td>155</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>138</td>
<td>146</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>29</td>
<td>108</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>61</td>
<td>26</td>
</tr>
<tr>
<td>Information and communication</td>
<td>35</td>
<td>71</td>
</tr>
<tr>
<td>Financial, insurance and real estate activities</td>
<td>42</td>
<td>31</td>
</tr>
<tr>
<td>Professional, scientific and technical activities; administrative and support service activities</td>
<td>123</td>
<td>154</td>
</tr>
<tr>
<td>Public administration and defence; compulsory social security</td>
<td>58</td>
<td>48</td>
</tr>
<tr>
<td>Education</td>
<td>124</td>
<td>55</td>
</tr>
<tr>
<td>Human health and social work activities</td>
<td>352</td>
<td>52</td>
</tr>
<tr>
<td>Arts, entertainments and recreation; other service activities</td>
<td>92</td>
<td>53</td>
</tr>
<tr>
<td>Industry unknown</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>


In theory, there are several aspects in Finnish society that can be seen to support gender equality and women’s equal participation in the labour force. Finland has an education system that provides a high quality education at minimal cost to citizens. Indeed, Finns in general and Finnish women in particular are highly educated: in the age group of 35-39 year 55 per cent of women and 36 per cent of men have a university level (Bachelors or Masters) education (see Table 4). The gender gap in higher education is very large, to women’s advantage. Even in the oldest age groups still active in the labour market, the level of education is very similar for women and men; in the younger age groups women
have significantly higher level of education. That, however, has not translated into higher earnings for Finnish women.

Table 4  Level of education by gender in 2012, age group 35-39

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Women, age group 35-39</th>
<th>Men, age group 35-39</th>
</tr>
</thead>
<tbody>
<tr>
<td>University level education</td>
<td>55%</td>
<td>36%</td>
</tr>
<tr>
<td>(Master’s or Bachelor’s degree)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary education</td>
<td>35%</td>
<td>47%</td>
</tr>
<tr>
<td>Basic education</td>
<td>10%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Kalenius, 2014

The persistence of gender segregation in Finland and neighbouring Scandinavian countries is puzzling. Labour economic theories such as the human capital theory do not explain the persistence of gender segregation in the Nordic region. Estevez-Abe (2005) argues that this could be linked to institutional features such as strong employment protection and women-friendly social policy. These institutional features support women’s employment in general but also contribute to the dual structure of a primary male-dominated labour market in the private sector and secondary female-dominated labour market in the public sector. According to Mandel and Semyonov (2005), in encouraging long career breaks, strong family policies widen wage inequality between men and women, whereas the other feature of Nordic welfare regimes, centralised wage determination, narrows the gender pay gap. Mandel and Semyonov the lower-than-average gender wage gaps in these welfare states should be attributed to features of wage determination rather than to family policies.

4.2 Family policies and gender pay equity

The Finnish welfare state also provides very affordable day care for all children, making it possible for Finnish parents to work full-time. The universal right to full-time day care will, however, be abolished in 2016 as a part of public sector cuts, although full-time day care still is available for working parents (HE 80/2015). The public sector has been important for Finnish women in both providing services, such as day care, and employing female work force. Most Finnish mothers (and fathers) are entitled to paid or earnings-based parental leave. While Finnish social policy can be seen as supporting working mothers, it has also been criticised for upholding traditional gender roles and making work-life balance mostly a women’s issue (for implication for labour market structures, see, e.g., Mandel and Semyonov, 2005, Mandel and Shalev, 2009a, 2009b). Fathers still take a marginal amount of the total parental leave available. Fathers tend to use their “own” parental leave quota (1-54 days) while the rest is used by mothers. Only 2-4 per cent of fathers use more parental leave days than the 54 days quota and in only 8.3 per cent of cases is child home care allowance, discussed next, paid to fathers (Table 5, Kela, 2015, National Institute for Health and Welfare, 2014). Increasing fathers’ uptake of parental leave is continuously on the Finnish gender equality policy agenda, but progress has been rather slow.
Table 5  Fathers’ uptake of parental leave and home care allowance

<table>
<thead>
<tr>
<th>Year</th>
<th>Fathers’ uptake of parental leave, % of total days used</th>
<th>Fathers’ uptake of home care allowance(^{14}), % of receivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4.2%</td>
<td>-</td>
</tr>
<tr>
<td>2005</td>
<td>5.5%</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>7.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2015</td>
<td>9.7%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Source: Official Statistics of Finland (KELA) 2015

The deep recession of the 1990s and the launch of child home care allowance that can be taken until the child is three years old, has resulted in a decreased labour market participation of women with young children (Julkunen, 2009, Hämäläinen and Haataja, 2010). Half of Finnish children under 3 years of age are not in day care and only 32 per cent are in full-time day care, a number that is low when compared to many European countries. Only 34 per cent of women with children under three years are back in employment (Statistics Finland, 2014, see also Pfau-Effinger, 2012). Long periods of parental leave have been associated with lowered income, thus directly affecting the gender pay gap (Kellokumpu, 2006, Mandel and Semyonov, 2005). In Table 6,\(^ {15}\) the change in employment rates in the age group of 25-34 years\(^ {16}\) is presented. The provision of home care allowance is not the only reason why women in the age group 25-34 are disproportionately outside of labour market, but it is likely to be one of the main reasons for the decline of labour market participation of women in that age group.

Table 6  Labour market situation of Finnish women and men 1989-2015, age group 25-34

<table>
<thead>
<tr>
<th>Year</th>
<th>Gender and age group</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Outside of workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>Women 25-34</td>
<td>82.1%</td>
<td>2%</td>
<td>15.7%</td>
</tr>
<tr>
<td></td>
<td>Men 25-34</td>
<td>91.6%</td>
<td>2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>1999</td>
<td>Women 25-34</td>
<td>69.9%</td>
<td>8.8%</td>
<td>21.3%</td>
</tr>
<tr>
<td></td>
<td>Men 25-34</td>
<td>83.9%</td>
<td>7.9%</td>
<td>8.2%</td>
</tr>
<tr>
<td>2009</td>
<td>Women 25-34</td>
<td>73.3%</td>
<td>6.4%</td>
<td>20.3%</td>
</tr>
<tr>
<td></td>
<td>Men 25-34</td>
<td>83%</td>
<td>7.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>2015</td>
<td>Women 25-34</td>
<td>68.7%</td>
<td>7.4%</td>
<td>23.9%</td>
</tr>
<tr>
<td></td>
<td>Men 25-34</td>
<td>80.4%</td>
<td>8.1%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>


\(^{14}\) The percentage of people to whom home care allowance was paid to, not the percentage of home care allowance days used.

\(^{15}\) In the percentages, I have used total population in the age group as the basis for counting the percentages. I consider that this provided more precise information about the overall labour market situation.

\(^{16}\) This is the most common age for Finnish couples to have children.
Table 7  Part time and fixed-term employment by gender, 1997-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Part-time, women</th>
<th>Part-time, men</th>
<th>Fixed-term, women</th>
<th>Fixed, term men</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>13.8%</td>
<td>5.5%</td>
<td>19.4%</td>
<td>14.5%</td>
</tr>
<tr>
<td>2000</td>
<td>16.9%</td>
<td>7.2%</td>
<td>20%</td>
<td>13.2%</td>
</tr>
<tr>
<td>2005</td>
<td>19.2%</td>
<td>8.3%</td>
<td>21.2%</td>
<td>13.4%</td>
</tr>
<tr>
<td>2010</td>
<td>20.7%</td>
<td>8.8%</td>
<td>20.1%</td>
<td>12.9%</td>
</tr>
<tr>
<td>2015</td>
<td>20.5%</td>
<td>10.1%</td>
<td>19.4%</td>
<td>12.7%</td>
</tr>
</tbody>
</table>


Fixed-term employment is rather common among Finnish women (Table 7). This is widely understood as resulting from employers aiming to avoid the costs of parental leave, thus not hiring young women on permanent contracts. Fixed-term employment is associated with a high level of uncertainty, problems in career progress and wage penalty, thus affecting the gender pay gap through several mechanisms (Julkunen, 2009). Also part-time employment has become much more common among Finnish women than it used to be in the 1980s and 1990s.

4.3 The Nordic gender system

The concept of ‘gender system’ refers to the principles of organising relationships between the genders in a given culture. Hirdman’s (1988) conceptualisation of the gender system captures the essential features of gender relations in Nordic countries. According to Hirdman, the basic principles of the Nordic gender system are the logic of the separation of the sexes (dichotomy) and the higher valuing of the male norm (hierarchy). In the context of labour markets and gendered disparities in pay, examples of these concepts are clearly visible: the segregation of work and tasks into men’s work and women’s work (dichotomy), and the greater valuing of the work of men (hierarchy).

The basic logic of gender systems is male domination or, in other words, patriarchy (e.g. Hirdman, 1988, Walby, 1986, 1990). According to Castells (1996), patriarchy is one of the strongest institutions in the world. In the Nordic countries, the mechanism through which patriarchy has lost some of its power was the rise of the Nordic welfare state, which that provided women with education, employment and social security and thus made them less dependent on men (Hernes, 1987, Julkunen, 2010, Anttonen, 1994). Formally, women and men are equals and have the same rights and responsibilities. This formal gender equality is situated within a highly gender-segregated society. Nordic gender systems tend to emphasise hierarchy over difference, that is, women’s relative position remains subordinate to men in most spheres of life, such as working life. Like men, women are in paid employment, but their terms of employment are weaker than men’s (Rantalaiho, 1997).

The Finnish gender systems shares several features with other Nordic countries but it would be misleading to label it simply “Nordic”. Finnish society also has features that are not necessarily present in other Nordic countries. The development of the Finnish gender system has taken place in a specific historical and cultural context that should be acknowledged (Julkunen, 2010, 1994, Rantalaiho, 1994, 1997, Pfau-Effinger, 1993). A central influence on the formation of a specific gender system is when exactly modernisation (industrialisation, urbanisation, the rise of the nuclear family as the ideal family type, democratisation) took place. In Finland, this process took place rather late, and Finland remained an agrarian, relatively poor society until the 1960s. When
modernisation happened, the change was fast and radical. This produced a certain legacy that influences Finnish society even today.

The relative poverty and late modernisation meant that a very limited number of Finnish people did not have to work based on either class or gender. Very few were wealthy enough to not to work and women’s contribution was also needed for the household’s survival. Although there were a small number of bourgeois women that can be considered housewives, the male breadwinner-female caregiver model never became a typical feature of Finnish gender relations. Instead, the Finnish gender system was and, still is based on heterosexual partnership in which both partners contribute to the household income, the so called dual breadwinner model (Julkunen, 2010, Rantalaiho 1994, 1997, Pfau-Effinger, 2012).

After the Second World War, a particular kind of working relationship, “the standard employment” became the norm in many Western societies. The norm relies heavily on female reproductive labour in the domestic sphere that makes it possible for the male breadwinners to place his labour at the disposal of his employer, on full-time basis without any restrictions being imposed by family obligations (Pfau-Effinger, 1993, p. 383). Unlike in many other societies, in the Nordic countries women’s paid employment has been considered normal, in both practical and ideological terms. Since childcare and the question of women’s employment is central in the struggles for gender equality and challenges the patriarchal divide into public and private spheres, the normality of women’s employment cannot be taken for granted (Marchbank, 2000). As alluded to above, recently, however, there has been a decline in employment rates of mothers of children under three years of age in Finland. This decline in employment rates of mothers of small children is ideologically linked to the rise of conservative family values and beliefs of what constitutes “a good childhood” that have not previously been characteristic of Finnish society (Julkunen, 2010, Pfau-Effinger, 1993, 2012). The implication of this is discussed next.

4.4 Finnish gender contracts

Nordic feminist scholars have used the concept of a ‘gender contract’ to describe the rules, obligations and rights that define the relations between men and women (Hirdman, 1988, Rantalaiho, 1994, 1997, Julkunen, 1994, 2010, Pfau-Effinger, 1993). Central to the gender contract is the sociocultural consensus on gender relations in the dominant family model, which also entails the model of the integration of women and men into society, via the labour market, the family and/or societal spheres (Pfau-Effinger, 1993, p. 389). Gender contracts are changed through discursive shifts (e.g. Holli and Kantola, 2007) in the dominant understanding of gender relations in a given society. The redefinitions of Finnish gender contracts have been characterised by a redefinition of women’s citizenship over the past 150 years. At the turn of the 20th century, Finnish women became political citizens in a process that resulted in the first modern gender contract, “women’s social motherhood”. Social motherhood refers to women’s responsibility for making the society a home for the people (Rantalaiho, 1997).

Later on, as society changed, the gender contract had to be renegotiated. The new gender contract, the working citizen, was negotiated and constructed simultaneously with the welfare state. The welfare state is a source of equality and social rights. It acknowledges parenthood as part of the worker citizen’s responsibilities and provides services (parental leave, child care, education and so on) for organising the everyday life of the working citizen (Rantalaiho, 1997, Hernes, 1987).
In 1993, when Pfau-Effinger wrote an article comparing Finnish and West German gender contracts, the Finnish gender contract was still the “working citizen” contract and, for example, most women would return to full-time employment after maternity leave ended and only 11 per cent worked part-time. This is in contrast to the situation in 2016, when many Finnish women do not have a job to which they could return, they often work fixed-term as part-time employment has become increasingly common (20 per cent) in a society in which it used to be uncommon, and only half of the children under three years of age are in day care – clearly something has changed (e.g. Statistics Finland, 2014).

According to Hämäläinen and Haataja (2010), before the launch of the home care allowance (hoitovapaa) in 1990 the employment rates of Finnish mothers of small children were among the highest in OECD countries. Ten years later, the employment rate for mothers of small children had declined steeply (see Table 6, page 22). While it is not possible to say what part of this population is outside the workforce as a result of receiving home care allowance, the numbers clearly demonstrate the decline in women’s employment over the past 30 years. At the same time, as a consequence of several economic crises, the labour market as a whole has become unpredictable and less stable, as demonstrated in the changes in men’s employment patterns, resulting in more precarious working conditions for a large number of Finns.

How I interpret the changes is that the gender contract has been renegotiated or is currently going through renegotiation. The renegotiation is likely to be linked to more general ideological influences present in Finnish society. In the new gender contract, the working citizenship of Finnish women is weaker, even precarious, and the neo-familial conservative influences are stronger. I would label the current gender contract “the precarious worker/temporary home-maker” contract. The renegotiation of the gender contract, in my view, is the end result of several simultaneous phenomena; the recession in the 1990s and again in the 2000s, globalisation and the rise of neoliberalism, changes and uncertainty in the labour market and the rise of conservative family values.

4.5 The Nordic welfare state

A state can be understood as centralised set of institutions that possesses power and is a focus of political interests. Power is lodged in the institutions of the state and politics is concerned with the exercise of power. While often the state is considered gender-neutral, the state can be viewed as both patriarchal and capitalist in that its actions often follow the logic of capital, and it more often serves the interests of men than the interests of women (Walby, 1990, Hernes, 1987, Hearn and Niemi, 2007). According to Hernes (1987), the exercise of state power and men’s exercise of power over women in civil society (trade unions, churches) are closely linked, and the state both legitimises and limits the use of such power. On the other hand, the state can be seen as women-friendly, as the Nordic welfare states are often thought of. Esping-Andersen (1990) divides welfare states into three categories: social-democratic (Scandinavian countries), corporatist (e.g. Germany), and liberal welfare states (e.g. United States, United Kingdom). The Nordic welfare state interestingly both enables the working citizenship of women and also provides them with employment in the highly feminised underpaid public sector of the

17 In national statistics, mothers and fathers on parental leave (a maximum of around 11 months) are counted as being in the labour force, while people receiving home care allowance are counted as being outside the labour force. There are other groups outside the labour force, such as students.

Nordic and Finnish women have the right and obligation to paid employment and economic independence, but they have a secondary position in the labour market: they have had to accept the gendered hierarchies of the labour market, the lower wages characteristic of feminised occupations, and the rules of the game formulated by men. Women have the responsibility for social reproduction both in private and public spheres (Rantalaiho, 1997). Much of the scholarship around the welfare state has focused on the capital-labour relationship while ignoring the significance of gender relations (see, e.g., Walby, 1990, Lewis, 1992, Sainsbury, 1996). Gender is and has been, however, central to the development of welfare state. The welfare state represents a significant change in the gendered division of labour. It has enabled women’s paid employment by providing services such as child care. However, women still do most of reproductive work such as health care and education, as employees of the patriarchal organisation of the welfare state (e.g. Walby, 1990, Estevez-Abe, 2005, Mandel and Semyonov, 2005).

4.6 Segregation as a patriarchal strategy

Nordic welfare states have, to some extent, substituted private patriarchy with public patriarchy (Rantalaiho, 1997, Walby, 1990). While women are less dependent on individual men, they are now more dependent on the welfare state. According to Walby (1986), the state has been central in the resolution of conflicts between patriarchal and capitalist forces over the use of women’s labour. Walby (1990) describes two patriarchal strategies in women’s employment: exclusion and segregation. Exclusion prevents women’s access to areas of work or paid employment altogether, while segregation is a weaker strategy that aims at separating women’s work from men’s work and building a hierarchy between them (see also Pfau-Effinger, 1993). The Finnish highly gender segregated labour market is a textbook example of the segregation strategy. Women are in paid employment but segregated into their own areas that are less valued and lower paid.

What is important to note is that conceptualising segregation as a patriarchal strategy is different from the mainstream understanding of segregation that is often seen as resulting from choices made by individual women and men (see e.g. Kirkpatrick, 2010, Budgeon, 2015 for individual choice). In the case of Nordic welfare states, the rise of the welfare state has played an active role in creating a women’s secondary market within the public services of the welfare state (Hernes, 1987, Pfau-Effinger, 1993, Mandel and Shalev, 2009a, 2009b, Estevez-Abe, 2006). The secondary labour market has been further strengthened through labour market policies that have institutionalised and legitimised the relative “worth” of women’s reproductive work (e.g. Mandel and Semyonov, 2005, Grimshaw and Rubery, 2007, England et al., 1994, Koskinen Sandberg and Kohvakka, 2015).

4.7 State feminism

The Finnish welfare state is central to the shape feminism has taken in Finland. According to Kantola (2006), the “inside” and “outside” dichotomy is central in feminist debates and conceptualisations of the state. Feminists can choose to either engage with the state or stay out of it. In going into the state, they risk compromising their feminist agenda. Working within the state is constrained by the patriarchal structures of the state.
On the other hand, staying out of the state is likely to mean remaining in a marginal position. In Finland, feminists have chosen to work within the state, for example as femocrats in government agencies. The Finnish system has been characterised by state feminism within the welfare state system. State feminism utilises state-based policy mechanisms in order to promote gender equality.

While many feminists have been rather suspicious of the patriarchal state, state feminism sees the state as an ally, at least to some extent. In order to achieve feminist goals, cooperation with the state is necessary. In the Nordic countries, state feminism signifies the achievement of formal gender equality and women-friendly welfare policies through the state (Kantola and Squires, 2012, Kantola and Outshoorn, 2007). Kantola and Squires (2012) argue that state feminism is indeed changing, in regard to both state practices (e.g. globalisation, New Public Management) and feminism itself (diversity policies and gender mainstreaming). The change has been particularly dramatic since 1995, entailing changes such as globalisation, welfare state restructuring, privatisation and the rise of multilevel governance – in other words, the national and international levels of authority (Outshoorn and Kantola, 2007).

Even with several positive aspects associated with the welfare state from feminist perspectives, it is not and never has been purely positive from the feminist point of view. For example, policies associated with improving women’s position in the labour market, such as paid parental leave, have also maintained traditional gender roles with women as the main caregivers. The Nordic welfare state has been criticised for moving women from private dependency on fathers and husbands to public dependency on the state (Rantalaiho, 1997, Walby, 1990, Kantola and Outshoorn, 2007). Recently, the movement has again been back from a more egalitarian to a neofamilial model with women’s increased financial dependency on men and men’s dependency upon care work provided by women at home (Julkunen, 2010, Haataja, 2004).
5 INSTITUTIONAL ACTORS

5.1 The Finnish industrial relations system

"Collective agreement is a woman's best friend"18

The headline of Finnish researcher Milja Saari's (2016b) press release for her doctoral dissertation

The majority of Finnish employees are covered by collective agreements. In Finland, the coverage of sector-wide collective agreements is extensive and the agreements are typically binding, that is, non-organised employers also have to implement collective agreements. The collective agreements are central to wage determination in many Finnish organisations: often they entail a pay system that is to be implemented for the entire industry.

According to earlier comparative scholarship (e.g. Mandel and Semyonov, 2005, Colling and Dickens, 1998, Rubery et al., 1997) centralised and regulated industrial relations systems are often associated with smaller average gender pay gaps. There are, however, features that undermine the positive outcomes. Because of the high level of gender segregation, men and women are often not covered by the same collective agreement, and their conditions of employment are actually negotiated separately. The wage relativities between different industries tend to be institutionalised and not easily changed. The evaluation of the Equal Pay Programme (Lonka, 2015) states that to some extent the gender impacts of collective agreements have been evaluated by trade unions and employer organisations. However, typically, this has been done only within a single collective agreement, thus not evaluating the overall significance of the complex Finnish collective bargaining system for gender pay equity. My research results indicate that the collective agreements can in fact contribute to the gender pay gap in the Finnish labour market.

The era of incomes policy agreements lasted for 40 years (1968-2008). In 2015, The Confederation of Finnish Industries announced that they will not negotiate on any more incomes policy agreements in the future (The Confederation of Finnish Industries, 2015). Centralised negotiations entail the possibility of negotiating on gender pay equity. To some extent, this was done in Finland and small pay increases were allocated to female-dominated occupations in some incomes policy agreements. However, no radical changes in pay ratios ever resulted (Julkunen 2009, Martikainen, 2000). The reasons for this are that the labour unions in Finland have a conservative, hierarchical structure based on education and that different unions do not always have shared interests (Julkunen, 2009).

There are altogether seven central labour market organisations (Table 3). The Central Organisation of Finnish Trade Unions (SAK) is the largest union and represents traditional male-dominated industries, such as the metal industry, but also parts of the private service sector and trade, as well as public sector employees. The Finnish confederation of Salaried Employees (STTK) represents similar fields but typically white-collar jobs within these sectors. The largest member organisations of STTK are the Union of Health and Social Care Professionals (TEHY) and the Trade union PRO, which represents private sector clerical workers. Both SAK and STTK historically represented

18 Author’s translation.
male-dominated industrial sectors, although currently the majority of STTK members are women and almost half of SAK members are women (Kauppinen, 2005). Akava, the Confederation of Unions for Professional and Managerial Staff in Finland represents employees with academic education, across sectors. The employer organisations represent different sectors. The Confederation of Finnish Industries (EK) represents private sector employers; the Local Government Employers (KT) represents the municipalities; the Commission for Church Employers (KIT) represents the Evangelical Lutheran Church around Finland; and the Office for the Government as Employer (VTML) represents government sector organisations, such as governmental ministries and affiliated organisations. Leadership positions in both employer organisations and employee organisations are male-dominated, particularly in the seven central labour market organisations (Table 8).

In the Finnish context, collective agreements and the organisations negotiating them are indeed in a key position in wage determination. If there was a will to do so, it would also be possible to reduce the wage differential between men and women. An equality allowance for female-dominated fields has been included in the centralised incomes policy agreement a few times, but the overall structure of the wage policy and what is seen as appropriate wage for a certain employee group have not been challenged. More recently, Finland has moved towards a more decentralised bargaining system (see Julkunen, 2009, p. 32), and there has been more flexibility to negotiate on the level of the individual workplace – local bargaining. This can be interpreted as a shift in power relations, with employer federations gaining power over the employees.
The social partners play a central role in the Finnish labour markets and policy-making. Finland has a long tradition in drafting working life policy and legislation in a tripartite framework between the government, employer organisations and employee organisation. The social partners had a significant role in drafting the new gender equality legislation that was enacted in 2015 (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014, see also Saari, 2015), and the details of the law were severely compromised in the tripartite policy process (koskinnen Sandberg, 2016). The details and implications of tripartite decision-making are discussed next.
5.2 Tripartite decision making

“The lives of Finnish citizens are controlled by laws and regulations that have been agreed on by a very small number of people. These people were not democratically elected to these positions. They are the leaders of central labour market organisations...the machinery is like a giant octopus, the tentacles reach all corners of the society”

Quote from an article by Teemu Luukka (2016) in *Helsingin Sanomat*

The Finnish industrial relations system can be described as a corporatist regime, characterised by extensive collective bargaining, rather generous social policies and developed family policies (e.g. Kauppinen, 2005, Mandel and Semyonov, 2005). Decisions on working life and social policy are negotiated in a tripartite policy process between the state, employee organisations, and employer organisations. Salmi and Lammi-Taskula (2014) have studied the tripartite policy process in relation to Finnish parental leave policy. They argue that the conflicting interests of the central employer and employee organisations have made developing policy a significant challenge. The decisions made reflect the vested interests of the different stakeholders (Salmi and Lammi-Taskula, 2014). The central labour market organisations are confederations with multiple member organisations. Altogether, there are three central employee organisations and four employer organisations, as presented earlier (see Table 2, p. 35).

One feature of a corporatist regime is that it aims to keep the power it has obtained and upholds the status quo. So far, the Finnish corporatist regime has been surprisingly resistant to changes in Finnish society brought upon by, for example, globalisation and neoliberalism. Historical development, political power relations and the strength of the corporatist regime define the extent to which the employee and employer organisations play a role in shaping policy and legislation (Kauppinen 2005). A special Finnish feature is that Finland is a small country, with a limited number of people working in these organisations around issues such as equal pay. This means that the same people representing different interests meet and negotiate in several contexts: the steering group for the tripartite Equal Pay Programme, in the steering groups of research projects in this area, and also in tripartite working groups on policy and legislative initiatives.

Recently, in 2015-2016 a high profile tripartite negotiation has taken place: the government together with the social partners have spent months in trying to reach consensus about how to reduce labour costs and improve the competitiveness of Finnish labour force and production. At the time of writing this text, the initial consensus about the so-called Societal Pact has been finally reached in February 2016 (e.g. *Helsingin Sanomat*, 1.3.2016), although it is still uncertain what will eventually happen, since some trade unions have already declined to be a part of the pact. The Societal Pact includes measures such as increasing employees’ working hours and freezing pay raises for the near future. On the other hand, the terms of employment are still to be agreed on in collective agreements, not in local bargaining. This is the nature of the tripartite policy process: long and difficult negotiations, with the end result a compromise in which all participants meet some of their objectives while having to give ground on others.

5.3 Silencing the debate on gender pay equity

Consensus-seeking is characteristic of Finnish policy making (e.g. Salmi and Lammi-Taskula, 2014, Saari, 2015) and there is silence around debates on topics that are seen as
difficult and controversial. The concept of silence refers to how knowledge on a certain topic is constructed by either being silent about the topic or by leaving aside central aspects related to the phenomenon (e.g. Tuori, 2014, Ward and Winstanley, 2003). Being silent about and/or leaving aside central aspects of the topic of gender pay equity creates an interesting situation in which most actors know what the main issues are in order to, for example, narrow the gender pay gap; to be precise this could be done through centralised collective bargaining in which pay increases should be allocated to undervalued feminised industries. The issue is in the hands of trade unions and employer organisations. All the central actors know this, but the issue is rarely directly addressed. Government officials have very limited opportunities to affect wages paid in Finnish organisations. I would also assume that most actors in the field are aware of the key challenges such as the several different collective agreements in the Finnish local government sector, which is a large employer for Finnish women especially.

Instead of directly addressing the main issues and challenges, the current equal pay policy concentrates on less controversial issues, such as developing pay systems within organisations and conducting gender equality planning. Both are useful exercises, but they do not touch upon the gendered structure of the Finnish labour market as a whole. The key issues about the gender pay gap are not discussed, based on the tradition of tripartite co-operation and the fear that breaking the consensus might result in damaging the important working relationship with the trade unions and employer organisations. Officially, all seven central labour market organisations are committed to advancing the objectives of the tripartite Equal Pay Programme, thus including narrowing the gender pay gap. In practice, as I have personally observed and studied in several contexts, this issue is more complex. The employer organisations routinely question and strongly oppose the measures to be taken within the Equal Pay Programme. Also, the trade union confederations tend to be rather consensus-seeking and often do not strongly defend the measures in question.

5.4 Non-decision making

In seeking to make sense of these tripartite processes, the concept of non-decision making is useful, especially for analysing situations in which there are significant but latent power conflicts and where actors limit decision-making to relatively non-controversial issues. This is done by influencing community values and political procedures and rituals (Bachrach and Baratz, 1962, 1963, see also Bergqvist et al., 2015 for non-decision making in Swedish parental leave policy). Like decision-making, non-decision making is essentially about power. Power has been divided into two faces. The First Face is the observable, direct exercise of power. The Second Face is subtle, hidden and often not directly observable. Some theorists argue that there is a Third Face which is characterised by supporting bias by creating an atmosphere of quiescence (Lukes, 1974, Gaventa, 1980). The Second and Third Face are essentially non-decision making (Marchbak, 2000, Bachrach and Baratz, 1962, Nousiainen et al., 2013).

The concept of “mobilisation of bias” describes how the dominant values, political myths, rituals and institutions tend to favour the vested interests of certain groups. Change is typically more straightforward to analyse than the status quo (Bergvist et al., 2015). Non-decision making can be analysed by investigating the mobilisation of bias in a certain context, including the dominant values, myths, political procedures and rules of the game. Then, make an inquiry into which individuals or groups benefit from the existing bias and which do not. Finally, one can investigate the dynamics of non-decision making, the manner though which the status quo is upheld (Bachrach and Baratz, 1962, 1963).
Working in this tradition, but with a feminist orientation, Marchbank (1994) applies the concept of non-decision making to describe how gender equality issues are marginalised in order to keep them off the political agenda. The suppression of women’s shared interests is central to the maintenance of a patriarchal society. Thus, by analysing non-decision making we can better understand the dynamics and tactics used within patriarchal systems in order to marginalise women’s collective interests and maintain the patriarchal status quo. All decisions automatically involve power, and the asymmetrical power relations between the different stakeholders affect both which issues get onto political agendas and the kind of decisions that are ultimately made, as in policy outcomes. The concept of latent power denotes the capability to exercise power. Even when that power is not exercised, it still exists and has an impact on the behaviour of others (Marchbank, 2000).

Since non-decision making theory is concerned with systemic bias, issue suppression and the covert use of power, it is indeed a very useful tool for analysing feminist questions. Dahlerup (1984) argues that the very organisation of society acts against certain issues being on the political agenda. She uses the concept of structural suppression of women. These societal structures also create the framework within which political agenda setting and decision-making take place. Defending the status quo typically is not needed until it is openly challenged. When it is challenged, the proponents and opponents become identifiable (Bergqvist et al., 2015).
6 IDEOLOGY

6.1 Colliding ideologies: neoliberalism and feminism

For an ideology to become dominant, it has to appeal to the intuitions, instincts, values and desires of individuals in a given society. Then it becomes common sense, taken for-granted and unquestioned (Harvey, 2005). According to Holli and Kantola (2007), following the Finnish recession in the 1990s there was a discursive shift towards neoliberal values. As a result of this discursive shift, arguments for social justice and equality were replaced by arguments for economic efficiency and innovation. Social justice and equality are no longer legitimate enough reasons for promoting gender equality, and gender equality issues have to be marketed using the “business case” approach (see also Dickens, 1999). Feminism and neoliberalism are in many ways conflicting ideologies: while feminism focuses on women’s collective social and political disadvantage, neoliberalism emphasises individualistic values (e.g. Budgeon, 2015) and minimal state intervention in the market (Baker, 2008, Teghtsoonian, 2004). Walby (2011) considers neoliberalism to be the greatest challenge to feminism as it promotes social, economic and political changes that increase gender inequality directly.

According to Kantola and Squires (2012, p. 385), there is no pure form of neoliberalism but a “diverse range of practices” that constitute the complex phenomenon of neoliberalism. It can take the form of active state intervention in order to force market rule on issues previously organised differently (see also Jessop, 2002). An example of this is the current situation in Finland: The Centre-Right government was planning to override collective agreements with legislation if the central labour market organisations could not reach an agreement on how to reduce labour costs (e.g. YLE News, 8.9.2015).

General tendencies and features of neoliberalism include deregulation, privatisation and withdrawal of the state from areas of social protection (Harvey, 2005, Jessop, 2002). The membership of the EU, and the fiscal austerity measures required by the EU have also spread the neoliberal approach to member states, such as Finland (Outshoorn and Kantola, 2007). The gender equality policy mechanisms strongly supported by the EU are based on a neoliberal ethos according to which gender equality is not the main goal but subordinate to issues such as efficiency and productivity (Kantola and Squires, 2012).
6.2 Neoliberal ethos in managerial practices

“Many women deny themselves great opportunities because they are afraid that they are not capable enough. To generalise a bit, men apply for jobs if they fill two of five criteria while women feel that they have to fill all five criteria.”

Quote from Maaretta Tukiainen, a co-author of *Huippunaiset. Menestystarinoita* (Top Women. Success Stories) in an article by Heidi Väärämäki (2016) in *Helsingin Sanomat*

According to Benchop et al. (2015), post-feminism is closely connected to neoliberalism as a “gendered and transnational set of relations”. Both concepts emphasise individualisation, underplay the role of social structures and focus on individuals’ capacity to “shape their own destiny”. Choice and merit are important in both ideologies; merit justifies rewarding the individuals that make the right choices. On the other hand, people who do not make the right choices deservedly fail (see, e.g., Benchop et al., 2015, Kirkpatrick, 2010, Budgeon, 2015, Baker, 2007, Lewis, 2014). Budgeon (2015) argues that liberal feminism has been replaced by neoliberal feminism, which has a highly individuated female subject at the centre (see also Rottenberg, 2014). Neoliberal feminism does not offer a critique of neoliberalism but follows the overall logic of neoliberalism found in different spheres of society. Women’s collective interests have been replaced by individualistic values.

From the perspectives of post-feminist, neoliberal feminism and the neoliberal ethos in general, gender equality policy that emphasises social structures as sources of inequality seems old fashioned and even unnecessary. In neoliberal feminism, differences in the lives of women and men are attributed to individual choices (e.g. Budgeon, 2015, Baker, 2008, Kirkpatrick, 2010, Rottenberg, 2014). Emphasising individualism and/or multiple differences and diversity has become popular, to some extent at the expense of gender equality policy. Liberal feminism is in many ways incompatible with neoliberal feminism.

In addition to neoliberal feminism, there has been an increasing interest in diversity and managing diversity. In Finland, the formal policies on gender equality and on diversity are separated into their own laws (Non-Discrimination Act, and the Act on Equality between Women and Men) and policies (Holli and Kantola, 2007). What is evident in Finnish society and Finnish organisations is that while gender equality policy and regulation are somewhat unpopular, promoting diversity is embraced in organisational contexts. The more traditional forms of gender equality policy that focus on improving women’s situation face challenges for several reasons: many Finns actually do believe that gender equality has already been achieved in society and there is no need to take any measures. In Finland, still a rather homogenous nation in terms of ethnic diversity, interest in diversity management can be interpreted in some situations as resistance to discussing gender (in)equality and instead rather discussing issues such as age. Further, the current ways of speaking about these topics emphasise individualistic values and that everyone has equal opportunity to realise his or her potential. If an individual is not ambitious and/or successful, it is seen as his or her own fault and not as a gender equality issue.

---

20 Author’s translation from Finnish to English.

21 Based also upon my own experiences of working with Finnish organisations.
In line with the neoliberal discourse, diversity management\textsuperscript{22} is argued to enhance the productivity and competitiveness of the organisations by ensuring a diverse group of employees in the organisation and providing all members of the organisation with similar opportunities. While there probably are genuine efforts to treat all employees equally and embrace diversity, the mainstream approach on diversity management has been criticised. The claim is that in treating all differences as equally important, the language of diversity management disguises and hides the structural and historical imbalances of power based on gender and ethnicity (e.g. Prasad et al., 2006). Connell (2006) argues that the more the neoliberal perspective becomes dominant, the more difficult it becomes to argue for and justify any measures or policies that are not in line with the neoliberal ideology of individualism. In this line of thought, everyone is free to choose, not as men and women, but as individuals (see also Budgeon, 2015, Baker, 2008, Kirkpatrick, 2010, Rottenberg, 2014). Structures and power relations are not seen as relevant.

Mainstream diversity management emphasises the skills and competencies of individuals and thus might risk strengthening the position of those already well-off; white, middle-class heterosexual men, and to some extent, women (e.g. Meriläinen et al., 2009). The mainstream Anglophone literature on diversity management uses the business case argument to make managing diversity more persuasive to corporate managers. This mainstream view has been criticised for casting diversity as an individual issue that can be resolved by individual people’s action, thus neglecting power and the different sources of disadvantage (Meriläinen et al. 2009, Prasad et al., 2006).

\textsuperscript{22} There are different versions of diversity management. I refer here to what is frequently called the “Anglo-American” version, which strongly emphasises the link to productivity and competitiveness, even whilst recognising the shortcomings of that concept.
7 ORGANISATIONS

7.1 Gendered structures and practices

Structural approaches share the idea that social relations are part of a broader system of relations between unequal social groups (e.g. Halford and Leonard 2001). The structural component of gender can also be referred to as gender relations, the way in which social world is built by making distinctions between men and women and the uneven power relations between the categories (e.g. Fletcher and Ely 2003, Hirdman, 1988, Collinson and Hearn, 1994, Nelson, 1996). Acker (1990, p. 147) explains the relationship between gendered practices and gendered social structure in the following way: “Practices, as used here, are the ordinary things that people do as they go about their daily activities. Complexly coordinated practices constitute the structure within which we live” (Acker 1997.)

Acker uses the concepts of gendered processes and gendered practices to explain how structures of subordination are maintained and reproduced. Gender can be defined as “patterned, socially produced distinctions between female and male, feminine and masculine” (Acker 1992, p. 250). As patterned differences, gender often implies the subordination of women, either concretely or symbolically. Gendered processes and practices may be visible but often are hidden in organisational processes and practices. Acker describes a break between a gendered reality and a gender-neutral thought that is maintained through practices of organising and managing in organisations. The suppression of knowledge of gender is embedded in organisational control processes. She uses job evaluation, one of my key themes, as an example of organisational activities that reproduce the assumption of gender-neutrality.

Gender-neutrality hides the underlying gendered structure that is present in job classifications and the hierarchy produced by job evaluation. Korvajärvi (2011) describes gender-neutrality as silence around gender issues. This silence is connected to the belief of gender equality being already a reality in our society. The gender-neutral discourse effectively hides the underlying gendered practices and structures. Korvajärvi describes the phenomenon of a simultaneous culture of acceptance and denial of the significance of gender. This feature of Finnish society that emphasises gender-neutrality has been linked to our gender contract, discussed earlier, which has been historically shaped by poverty, the hard work of both genders and mutual dependence or heterosexual partnership. This has resulted in cultural avoidance of presenting gender as conflicting (Rantalaiho, 1997). Patterned differences, even when visible, are often treated as the result of the individual choice of men and women, thus nothing to be interfered with.

7.2 Pay systems and work of equal value

This section discusses the link between pay systems, a managerial tool, and equal pay policy. In 1962, Finland ratified the ILO Equal Remuneration Convention. Before that, separate pay scales for men and women were a common practice at the time and indeed were part of collective agreements. The separate pay scales eventually disappeared in the following years and the gender pay gap became smaller, but it did not disappear. Often the separate pay scales for men and women were replaced by a single pay scale with more wage levels. Within the new pay systems, women were often placed at lower wage levels, thus maintaining the gender hierarchy (Nummijärvi, 2004). Traces of this can still be found in the collective agreements and wage determinations systems in Finland.
Job evaluation has been regarded as, and to some extent still is, a central method to determine work of equal value and one of the most important methods to promote gender pay equity. Evaluation-based pay systems are central in this thesis in many ways. In Finnish, and also international equal pay policy, these are believed to promote gender pay equity. This belief is connected to earlier links between comparable worth (e.g. Acker, 1989, England, 1992) and job evaluation.

In the 1970s and 1980s, large projects were conducted in some countries with the objective of narrowing the gender pay gap through the strategy of comparable worth. Probably the most famous and well documented is the case State of Oregon which Acker (1989) has described in detail in her book Doing Comparable Worth. In the State of Oregon, the attempt to implement comparable worth within the state employer failed due to the conflicting interests of different stakeholders. The ideology of comparable worth also inspired Nordic actors and indeed there was an attempt to design and implement a job evaluation system that could be used throughout the Finnish labour market (Vuorinen et al., 1993). This project also failed due to the conflicting interest of the different stakeholders, namely trade unions and employer organisations (Heiskanen, 1997).

Job evaluation can indeed be used as a tool for assessing job demands. Nonetheless, the typical motivation for an organisation to implement an evaluation-based pay system is not to achieve gender pay equity. It is more likely to be about enhancing organisational performance and creating incentives for employees (e.g. Koskinen Sandberg, forthcoming, Julkunen, 2009, for compensation practices see, for example, Gerhart and Rynes, 2003, Heneman, 2003, Brown and Armstrong, 1999, Gomez-Mejia et al., 2007). Originally, job evaluation was developed as a managerial tool for determining wage levels within the organisation, establishing the hierarchy of jobs, and supporting the goals of the organisation. The main problem with job evaluation in promoting equal pay is that usually the principles of commercial job evaluation systems have been derived from existing organisational hierarchies, and as such they reflect management’s views of what is valuable. In other words, the systems are based on already existing gendered structures (Acker 1989, 1990, Steinberg, 1990, 1992, England, 1992).

Finnish equal pay policy (Ministry of Social Affairs and Health, 2007) considers performance-related pay as part of the so called “new pay systems” (evaluation-based pay systems), and it is also believed to promote fair pay procedures and equal pay. Although an integral part of wage formation, very little research exists (Rubery, 1995, Dickens, 1998, Woodhams et al., 2015) on performance-related pay and gender pay equity. In line with the neoliberal ethos, individualistic values and meritocracy, performance-related pay has become increasing popular and may challenge the traditional tools for promoting pay equity, such as job evaluation. The move away from job-based pay to individualised pay makes it increasingly difficult to evaluate what exactly constitutes equal pay (e.g. Rubery, 1995).

Dickens (1998) demonstrates how apparently gender-neutral practices of human resources management (HRM) might actually be at odds with gender equality objectives. Performance appraisal is an integral part of HRM, and it is used to distribute rewards, promotions and resources. Many aspects of HRM practices can be seen to favour men since men often are, for example, able to put in extra working hours while women might not be. Further, Jonnergård et al. (2010) found that in the context of auditing firms in Sweden, performance evaluations tend to be based on the male norm of what constitutes good performance. Even more importantly, performance-related pay allows for
discretion in pay procedures and market rates can be disguised as being linked to performance on the job (Rubery, 1995, Koskinen Sandberg, forthcoming).

Evaluation-based pay systems fit well with the neoliberal ideology of individualism and meritocracy (e.g. Benchop et al., 2015, Kirkpatrick, 2010, Budgeon, 2015, Baker, 2007, Lewis, 2014). By taking on more demanding tasks and providing your employer with excellent performance on the job, the individual can enhance his or her career progress and increase his or her salary. Whether these systems can be a part of successful equal pay policy, I am not convinced about. What is relevant is to study the links between compensation practices and gender pay equity in order to gain a better understanding of this dynamic.

7.3 Comparing wages as part of gender equality planning

In Finnish equal pay policy, in addition to being a tool for wage determination and also a tool for promoting within-organisation gender pay equity evaluation-based pay systems are also a tool for comparing wages. As described earlier, all Finnish organisations that employ at least 30 people are obliged to conduct gender equality planning regularly. In relation to gender pay equity, the central tool for promoting equal pay is the pay survey that is to be conducted as part of this gender equality planning. The guidelines for pay comparisons were recently reformed. Previously, there were no details in the law on how to conduct equal pay comparisons. Now, the legislation advises organisations to conduct comparisons within job titles, pay grades or other similar groups (Act on Equality between Women and Men 1986/609, 232/2005, 1329/2014, Saari, 2015, Koskinen Sandberg, 2016).

The comparisons rely heavily upon pre-existing classifications, job groups and pay scales. Previous scholarship has demonstrated that there might be serious issues with the accuracy of the evaluation process and criteria used. Problems include gendered practices and bias in the evaluation criteria (e.g. Acker, 1989, Steinberg, 1992), different evaluation methods providing different results (Arnault et al., 2001), and the rather common situation where no analytical evaluation is conducted and wages are more based on other factors such as market rates, available budget, gendered valuations of jobs and occupations (Acker, 1989, Steinberg, 1990, 1992, Ikävalko et al., 2011, Koskinen Sandberg, forthcoming; for performance-related pay e.g. Maaniemi, 2013).

Saari (2015) argues that pay surveys are mainly symbolic and that their symbolic status has been agreed on by actors at several layers of society: policy and politics, government officials, central labour market organisations and work organisations. There is a gap and a conflict between the efforts to promote equal pay and the vested interests of the central actors. There is very limited amount of research about the pay surveys and their effectiveness in the past (e.g. Uosukainen et al., 2010), and thus far no research on the newly implemented reformed gender equality legislation and pay surveys in Finland. The changes in the legislation have been characterised as modest (Saari, 2015, Koskinen Sandberg, 2016). There is a need to study the effects of the new legislation and whether it is effective in identifying gender-based differences in pay within Finnish organisations.
8 DATA AND METHODS

Next, I will present the data used in this thesis, as well as the research methods used in each of the three articles.

8.1 Data 1: Gender equality into pay systems

Research ideas and data for two of the articles were derived from the same project, *Gender Equality into Pay Systems: The Effectiveness of Job, Competence and Performance Evaluation in Finland 2009-2011* (Ikävalko et al., 2011). The project was conducted by a research team based at Aalto University, of which I was a part. The aim of the project was to study pay systems and linked organisational practices in order to produce knowledge about how to promote gender pay equity using evaluation-based pay systems. In addition, the project was a participatory action research project (e.g. Whyte, 1991, McIntyre, 2008), which meant that during 2009-2011 the research team collaborated with 18 Finnish organisations in order to develop their pay systems.

While the project was conducted by the research team at Aalto University, the idea for the project did not originate in academia. The project was part of policy measures of the tripartite Equal Pay Programme and, as such, a long period of preparations and negotiations preceded the project (Ministry of Social Affairs and Heath, 2006, 2007). Evaluation-based pay systems and their link to the ideology of comparable worth (e.g. Acker, 1989, England, 1992) has been a long-standing interest of the gender equality machinery in Finland. The interest dates back to the 1990s and a failed attempt to develop a joint job evaluation system for the entire Finnish labour market, in order to implement comparable worth (Vuorinen et al., 1993, see also Heiskanen, 1997). Building a large-scale research project around this topic was a policy measure initiated by the Equal Pay Programme and the Gender Equality Unit. An agreement about the need for such a project was reached with the central labour market organisations that are represented in the tripartite Equal Pay Programme (Ministry of Social Affairs and Health, 2007).

Known for its expertise in pay systems, the Research on Reward Practices team at Aalto University was chosen to conduct the project. The project consisted of three phases: baseline study, development work and evaluation. During the project, a large amount of data was gathered. As with many development projects, while the actual development work proved to be highly challenging and did not always meet the objectives of the research team, the project was indeed highly successful in producing in-depth knowledge of organisational practices and pay procedures. The research team spent a great amount of time collecting data, facilitating workshops, and discussing practical problems, together with people from participating organisations. This resulted in the accumulation of a wide range of forms of knowledge that is impossible to achieve only by, for example, conducting interviews or a survey.
**Article 1** analyses the institutionalised undervaluation of women’s work and uses the following data:

1) Collective agreement texts of the Finnish local government sector. Altogether, 5 collective agreements and approximately 500 pages of details of wage determination.

2) Individual wage data collected from two case organisations of *Gender Equality into Pay Systems* project (N=739)

**Article 2** analyses intertwining gender inequalities in pay systems and uses the following data:

1) Pay system documents: Each of the participating 18 organisations delivered documentation of their pay system (if applicable).

2) Baseline research result: With each of the 18 participating organisations, a baseline study was conducted in order to obtain a picture of the current state of the organisation regarding gender pay equity and wage determination. This included interviews (N=122), an analysis of individual wage data (N=7200), a survey of individuals (N=3233), a document analysis, and a kick-off workshop.

3) Observations and experiences from the development process.

The data gathering of the project was conducted as follows. In the initial phase, we conducted interviews, collected HR documents (pay systems, collective agreements, gender equality plans etc.), conducted a survey, collected wage data and organised a kick-off workshop with each of the participating organisations. The focus of data collection was on both features of formal wage determination processes and employees' experiences of those processes, such as the fairness experienced, effectiveness, organisational justice and gender equality. We analysed these data and produced a baseline study for each participating organisation, with the recommendation of a suitable development project for each organisation. These projects included developing a job evaluation system, developing criteria for performance appraisal or producing guidelines for fair pay procedures. The second phase consisted of workshops in which the chosen development topic was worked on. The final phase was evaluation, in which we conducted a second survey and evaluation workshops in which the process was discussed with the participating organisations.

Renewing a pay system is an expensive and time-consuming exercise, and it is, therefore, unrealistic to assume that participating organisations in a project would dramatically change their pay systems just because researchers suggest it. As a result, some of the development projects were small scale and modest. While I still am not too impressed with the results of the development work, it taught me a number of important lessons. First, the reality of organisational life is not quite what an academic or a policy maker would expect. Second, the organisational context, however, is crucial for the success of the policy measure that is to be implemented there. Thus, for successful policy on, for example, pay systems, it is vital to understand the nature of the actual organisational context.
8.2 Data 2: Tripartite working group

While working at the Ministry of Social Affairs and Health, I was involved in the interesting process of the renewal of the Finnish gender equality legislation (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014). The initiative advocating the need for renewal was included in the Framework Agreement of the central labour market organisations (Framework Agreement 2011-2013). To jump start the renewal process of the gender equality legislation, a tripartite working group was formed in the spring of 2012. The mandate of the working group was to investigate the current state of gender equality planning in Finland and make recommendations for the renewal of the legislation. As the basis for this task, a survey was conducted in order to collect experiences from the shop stewards and employer representatives responsible for gender equality planning (Ministry of Social Affairs and Health, 2012).

During that spring, I was working at the Ministry of Social Affairs and Health and was aware of the working process of the tripartite working group, since the topic was often discussed in the unit's weekly meetings, and also informally with my colleagues. The work was full of conflicts and power struggles between the stakeholders. Many aspects of the process were highly controversial. I became involved in the work of the working group when there was suddenly a need for someone to work on the survey data on behalf of the Ministry. Since I had experience in research, I was the obvious choice. During the spring of 2012, therefore, I was involved in the power struggles of the tripartite working group, reacting to comments, demands and even manipulation by the participants while reporting the survey results. The tripartite policy process was indeed fascinating and later on was to lead to the research idea for Article 3.

I was not involved in the second stage of the working group’s work, in which the text for the renewed law was drafted, but of course I had some idea of what was likely to be happening in the working group. The data for Article 3 about non-decision making in the tripartite policy process therefore consists of the official minutes of the 18 meetings of the working group and appendices to these documents. I asked for permission to access the documentation, and this was granted by the Ministry of Social Affairs and Health.

8.3 Research methods

In this section, I will describe the research methods used in the articles. The main research method used in all three articles could loosely be categorised as qualitative content analysis (e.g. Schreier, 2014, Hsieh and Shannon, 2005), a widely-used method in qualitative research. Qualitative content analysis is characterised by three central features: it reduces data, it is systematic, and it is flexible. Scholars conducting qualitative research often struggle with an enormous amount of data. Qualitative content analysis helps with reducing the amount of material and focusing on selected aspects of meaning. It helps the researcher to synthesise and produce meaningful categories (Schreier, 2014). The specific way in which the analysis was conducted in the three articles is not, however, exactly the same. For the researcher the task is to understand the phenomenon under investigation. Thus for each of the three articles, even though all entailed qualitative documentary analysis along with other methods, the research task was slightly different. Next, I will give more details on how the research in each case was conducted.
Article 1: In Article 1, my co-author Roosa Kohvakka and I utilised both qualitative and quantitative data and methods. This enabled us to build a comprehensive picture of the state of collective agreements and gender pay equity in the Finnish municipal sector. The analysis was conducted in three phases: first, a qualitative content analysis of the five major collective agreements in Finnish municipal sector is presented. In practice, the qualitative analysis meant reading through the collective agreement texts numerous times and interpreting them through my own professional knowledge of pay systems and wage determination practices, which I gained during the action research project from which the data is derived (Ikävalko et al., 2011). A comprehensive analysis of the details of the wage determination process is given. Second, a regression analysis of municipal sector wage data was conducted. Third, Oaxaca-Blinder decomposition was conducted. The objective was to analyse how much of the gender pay gap in the local government sector can be attributed to the collective agreements when controlling for productivity factors. As an analytical tool, this article uses the concepts of wages as social practice (Figart et al, 2002) and institutionalised undervaluation (Koskinen Sandberg and Kohvakka, 2015).

The division of labour for co-authored Article 1 is the following: I was responsible for research design, reviewing literature and building the line of argumentation in the article. Also, I conducted the qualitative analysis of the 500 pages of collective agreement texts. Kohvakka conducted the quantitative analysis of wage data based on our discussion of what the objective of the analysis would be, namely seeking to estimate the impact of collective agreements on local government sector wage determination and the gender pay gap.

Article 2: The concepts of intertwining gender inequalities and gender-neutral legitimacy (Koskinen Sandberg, forthcoming) were used as analytical tools in Article 2. The data used in this article is very rich (see previous section) and includes a combination of pay systems documentation, baseline research results, and observations from the three years of development work with the participating organisations. Categories of both features of pay systems and observation of organisational practices were produced using qualitative content analysis.

How I conducted this in practice was that I systematically analysed all the pay system documents, a large amount of data, by reading them through several times and categorising the evaluation criteria used within the documents. Job evaluation criteria and performance appraisal criteria were collected using an excel file and the features, similarities and differences between the pay systems and evaluation criteria of the 18 organisations and altogether 21 different pay systems were analysed. This information was used together with the baseline research results for each organisation, which included results from interviews, surveys, wage analyses and workshop material. This provided a more comprehensive understanding of the pay procedures of the organisations. Finally, one further step, these two previous levels of analysis were combined with the documented experience and observations of development work conducted with the organisations over the three years. This enabled a more thorough understanding of wages and how they operate in these case organisations.

Article 3: In Article 3, I analysed the minutes of the meetings of the tripartite working group responsible for drafting the law text about pay surveys that was incorporated in the renewed Finnish gender equality legislation enacted on 1.1.2015. The analytical tool used in this article is non-decision making (Bachrach and Baratz, 1962, 1963, Marchbank 1994, 2000), and the article analyses how the scope of decision making was limited to relatively non-controversial issues. In the analysis, I systematically categorised all the
material, focusing on the argumentation used by the participants of the working group, using Marchbank’s (1994, 2000) concepts of policy barriers and methods of non-decision making as tools for the analysis. How I did this in practice was that I read through the material and then summarised the key events using an excel file. I collected argumentations used by the participants and the decisions made, and also changes in the actual law text during the process.

8.4 Advantages and limitations of the methods

As with any research, there are both strength and limitations in the perspectives I decided to take in order to address my research problems and in the methods I used to accomplish this. When writing the articles, I worked with pre-existing data and also a rather clear idea of what I wanted to write about, and what I wished to argue with the articles. Thus, the research process was different from a situation where the researcher starts the research process by data collection and data analysis without knowing what is likely to be found. From the perspective of a learning process within doctoral studies, this is not necessarily ideal. On the other hand, having pre-existing research skills and in-depth understanding of my data was highly beneficial for the content of my articles.

Like many researchers, I have also certain limitations in terms of what I can do and which methods I master; thus I have collaborated with another researcher with complementary skills in quantitative methods (Article 1). In addition, I have innovatively combined documentary analysis of pay system documentation with observations from an action research project (Article 2). What was suggested by one of my supervisors for Article 3 was to interview the stakeholders from the tripartite working group. I did not do this mainly because, as mentioned before, Finland is a small country, and I know many of the stakeholders from previous contexts. I would have felt uncomfortable about interviewing them on such a sensitive topic and decided to work on the documentation alone. I acknowledge this is a limitation since interview data would have provided a more comprehensive picture of the renewal process of the gender equality legislation in the tripartite policy process. I do, however, feel that it was beneficial for my research process to focus on documentary analysis alone and not to interview people involved in the process. Because of the very political topic of the article, talking to people involved in the process while writing the article might have led me to look at my data in a different way.

8.5 Analysing project data retrospectively

The data from Gender Equality into Pay System, used in articles 1 and 2, was collected as a part of an action research project and not particularly for the purpose of my thesis. I was one of the researchers collecting the data. Further, the articles were written some years after the project ended. There are both pros and cons to this retrospective use of data. Since the data collection was not conducted with the specific aim of collecting data for a thesis, I had to work with the data we had collected. Luckily, in this case, there was plenty of and several kinds of data from several organisations. Collecting this kind of data on my own would not have been possible. The chance to use large-scale project data can therefore be considered a strength.

In addition, writing the articles after the project has ended, although a common practice, poses some methodological questions. Since I had already worked with the data and we had indeed produced a research report about our results (Ikävalko et al., 2011), I was not able to look at the data as if I had never seen it before. My memories of the collaboration
with the participating organisations and previous analyses conducted on the data influenced the topic that I wanted to take under further analysis and that I wanted to write about. The previous experience guided my research process in the thesis. The same issue is a major strength. The projects are typically very labour intensive and it is not possible to really concentrate on a thorough analysis of the data while the project is still running. Afterwards, once you are somewhat distanced from it and organise your thoughts, it is easier to see what was actually going on and that which is important in what you witnessed during the project.

There are also some ethical considerations when using project data and other previous experience for a thesis. There is the question of other researchers’ contribution to the data collection, which I gratefully acknowledge. When I first planned using the project data for my thesis, I contacted my previous colleagues. We agreed that we all participated in the data collection and in the developmental work of the project, thus we can use it for research purposes. The owner of the data is the Ministry of Social Affairs and Health, who co-ordinated and funded the project, and from whom I applied and gained permission to use the data.

While the project was running, we took the issue of research ethics and anonymity very seriously and used several methods to ensure that individuals cannot be identified from the data, since there are details about individuals’ perceptions of several sensitive issues as well as wage data. The participating organisations were not a secret; those were listed on the project website and other project material, including in the final report. Thus, when writing about the case organisations, one must retain a certain level of abstraction and not provide too much detail in order to protect the anonymity of specific organisations.

As regards the second data, the tripartite working group, the ethical considerations are different. In my own work, I have used the names of the organisations that the participants represent, not the names of the actual people participating in the working group. However, the composition of the working group is not confidential, and the documentation of the working group’s work is available to interested parties from the Ministry of Social Affairs and Health. Another ethical consideration about this research topic is that the reason that I was aware of the working group was that I worked at the Ministry of Social Affairs and Health for a short period and thus had inside information. I was not, however, directly involved in the exact process that I wrote about in Article 3. That is based solely on analysing the documents.

8.6 Limitations of the study

Although this thesis has provided results that shed light on the failures of equal pay policy, there are several limitations. First of all, this study is only from one national context and limited to 18 Finnish organisations and one tripartite working group. Thus, other kinds or organisations should be studied, both in Finland and in other national contexts. This would provide knowledge about whether pay systems are used similarly in other countries. Further, the collective agreement systems are different in other countries and, while the phenomenon of undervaluing women’s work is likely to exist in other countries as well, the mechanisms through which it is institutionalised may be different. The same is true for studying decision-making and policy processes: it would

23 Guidelines for research ethics by the Finnish Advisory Board on Research Integrity, 2012.
24 Each individual was assigned a code that linked their data together. None of the researchers had access to all the personal information of the individuals; that was kept separate.
be important to have further studies about Finnish policies and how they were developed as well as how the power relations impact on policy making in other national contexts and also on a more macro level, for example EU policies.

Another limitation of this study is that I have chosen to focus on certain aspects of equal pay policy and omit other aspects. Relevant questions not included in detail in this study include family policies, questions of career possibilities, perceptions and experiences of individuals, to name a few. I recognise the relevance of these topics but have chosen to limit the scope of my thesis to a more manageable number of topics to be covered.

8.7 **Future research**

Since organisations currently are very much affected by neoliberal managerial practices, I believe that studying performance-related pay and related managerial practices and their links to gender pay equity is highly relevant. These will become increasingly important features of wage determination, making them a relevant question to be addressed within equal pay policy. In addition, studying the societal and institutional context within which both wage determination and policy development and implementation takes place is vital. Without understanding the context, it is impossible to understand the dynamics behind wage determination or the reasons behind failures or policy. The phenomenon of gender pay inequity is indeed much more complex than the mainstream research of the topic or much of media coverage leads us to believe, thus requiring novel approaches and insightful research.
This chapter presents the central empirical findings of each of the three articles included in this thesis. These articles discuss central equal pay policy mechanisms: gender equality legislation and the process of writing it, equal pay comparisons as part of the law, evaluation-based pay systems and collective agreements. All of these topics are central to Finnish and international equal pay policy.

9.1 Article 1: The institutionalised undervaluation of women’s work – The case of Finnish local government sector collective agreements

This article analyses the institutionalised undervaluation of women’s work in the Finnish local government sector. The concept of institutionalised undervaluation refers to the gendered cultural valuations of skills and occupations that have become institutionalised and are embedded in the formal structure of wage formation, such as collective agreements. Undervaluation of work conducted by women has been identified as one of the main causes of the aggregate gender pay gap. Nonetheless, undervaluation escapes many of the policy measures on gender pay equity that focus on establishing wage discrimination. Undervaluation is likely to occur in jobs and industries that are highly feminised, like much of the Finnish local government sector.

The local government sector is a particularly relevant sector to study for several reasons: it is a large employer in Finland, especially for Finnish women; it also has a highly segregated labour force and altogether five major collective agreements for different employee groups. In spite of the collective agreements, a municipality is a single employer and therefore obliged by law (Act on Equality Between Women and Men 1986/609, 232/2005, 1329/2014) to treat all its employees equally in terms of employment, including wages paid. The wages for different employee groups are, however, determined by different pay systems and the high level of gender segregation makes comparing male and female wages a challenge.

This article analyses the role of collective agreements in institutionalising and legitimising the undervaluation of women’s work. In this article, wages are seen as a social practice that are shaped by and reflect institutional, societal and historical contexts. This article aims to make three specific contributions. First, building on earlier scholarship we introduce the concept of institutionalised undervaluation. Second, we provide a methodological example of how to study the challenging issue of institutionalised undervaluation of women’s work utilising both qualitative and quantitative methods in the analysis of the Finnish local government sector collective agreements and wages. Third, based on our results, we argue that the question of institutionalised undervaluation escapes current equal pay policy that focuses on comparing the wages of men and women within job titles and pre-determined pay grades.

The data used in this article consists of collective agreement texts and wage data from two case organisations. The collective agreement texts were analysed in order to elaborate on the wage determination process in local government sector in Finland and how they vary according to different jobs and fields within the sector. Second, a regression analysis was conducted to explore the effect of a certain collective agreement after controlling for traditional productivity factors such as education and age. Third, a
decomposition technique was applied to further analyse the role of collective agreements in explained and unexplained gender wage gaps.

Our results from the analysis of collective agreement texts indicate that wage determination in the local government sector is highly bureaucratic, complex and difficult to understand. The wages and conditions of work for employees covered by the five main collective agreements are negotiated separately. Within the collective agreements, there are several methods of wage determination and almost 300 pricing groups. Job demands, if they are evaluated, are evaluated only within the pricing group, basically consists of similar and same jobs. The local government sector does not conduct analytical job evaluation but instead uses what are termed ‘global rankings’ and even those are only conducted within similar jobs. The wages paid are not the result of a systematic assessment of job demands and individual performance. Rather, they reflect institutional factors and cultural valuations of occupations.

Our further analysis of wage data from two case organisations shows that collective agreements can indeed contribute to the gender pay gap in the Finnish local government sector. In Organisation 1, the aggregate gender pay gap is 35%, of which half is explained by the variables we use and half remains unexplained. The explained pay gap is almost entirely explained by collective agreement. Collective agreement also contributes to the unexplained pay difference. In Organisation 2, the aggregate pay gap is smaller (15%), and it is mainly unexplained. The collective agreements do not contribute to either explained or unexplained wage differences in the way they do in Organisation 1. However, the impact of collective agreement on male and female wages is different within the collective agreements.

The largest collective agreement, the general collective agreement, covers a great majority of all local government sector employees and a large variety of different jobs. We interpret our result as meaning that undervaluation of women’s work does not necessarily occur throughout the collective agreement. Rather, it is traceable to certain occupations that are, due to gendered historical development such as the development of the Finnish welfare state, undervalued and underpaid. The complex wage determination processes of the sector retain traces of gendered valuations of occupations, contribute to wage differences between women and men and hide these differences in the bureaucratic appearance of the process. The undervaluation of women’s work is institutionalised in the structures of the collective agreements of the local government sector. It also remains unaffected by the policy measures such as pay surveys, which are to be conducted within pre-existing pay grades and job titles.

9.2 Article 2: Intertwining gender inequalities and gender-neutral legitimacy in job evaluation and performance-related pay

This article critically analyses a central feature of Finnish and international equal pay policy, namely the assumption that evaluation-based pay systems promote gender pay equity. Job evaluation and performance-related pay were originally designed for purposes other than promoting equal pay, as managerial tools for determining wage levels and rewarding good performance. As such, the main objective of a pay system usually is not to promote equal pay. Still, as a tool for assessing the value of work, job evaluation is regarded as a central method in promoting equal pay. It is recommended

---

25 Collective agreement, gender, age, level of education, years of experience, full-time and part time work.
by the European Commission and the International Labour Organisation, as well as in gender equality policy and legislation.

Job evaluation has been regarded as a central method to determine work of equal value and as one of the most important methods to promote equal pay. There have been high expectations for job evaluation to make the undervaluation of women’s work visible. The use of job evaluation in the promotion of equal pay has been widely debated. Job evaluation is linked to both causing gender biases in wage determination when the job evaluation system is discriminatory against women’s work and in detecting the undervaluation of women’s work through the use of a non-biased job evaluation system.

In contrast with the status of job evaluation, little research exists on performance-related pay and gender pay equity (e.g. Rubery, 1995, Dickens, 1998). Performance-based pay challenges the traditional tools for promoting equal pay, such as job evaluation. The move away from job-based pay to individualised, performance-based wages makes it more difficult to evaluate what exactly constitutes equal pay. Performance-related pay might reduce transparency in pay procedures and therefore hide discriminatory practices (Rubery, 1995).

This article has three aims: first, to demonstrate that the way in which job evaluation and performance-related pay are used at the organisational level does not always support equal pay objectives; second, to present examples and analyses of the practices in organisations that produce, reproduce and hide gender-based disparities in pay; and third, conceptualise how gender inequalities intertwine in pay systems and how these intertwining inequalities are masked with an unwarranted gender-neutral legitimacy provided by the pay systems.

In this article, the intertwining gender inequalities in pay systems are studied, using data from a Finnish research and development project. The cases studied are 18 organisations from different sectors: seven SMEs, three government organisations, five municipal organisations, and three church organisations. The data used consist of the following elements: 1) pay systems documents, 2) baseline research results that include interviews, wage analyses, survey results, document analyses and workshop material, 3) Observations and experiences from the development process. The aim is to describe and analyse how different sources of gender inequality are intertwined in wage determination practices and how these inequalities manifest themselves in wage determination processes and practices despite the formal pay systems and evaluation criteria.

The argument made in this article is that wages are typically based on a shared cultural understanding of the appropriate wage for a certain job. Despite appearances, the wages paid are typically not a result of careful assessment of job demands and performance on the job. Instead, a variety of other practices that produce gender inequality take place in wage determination. These neutral-appearing practices provide unwarranted, gender-neutral legitimacy by making gender-based differences in wages seem justified.

Different sources of gender inequality intertwined with the wage determination practices of the case organisations, and there were several gaps between the formal pay systems and the job evaluation systems that are realised. Even if there were no discriminatory elements in the formal pay systems, they were found in the actual, realised pay system. The realised pay system exemplifies well how the gendered cultural valuations intertwine with formal wage determination. Much of the research and policy on work of equal value assumes that the pay systems are used precisely as they are set out on paper. In many cases, this is not what really takes place in the everyday life of organisations: that which
is written in an HRM document is not what is actually done in practice. Ideally, the pay systems could promote gender pay equity; in practice, they too often provide unwarranted gender-neutral legitimacy for intertwining gender inequalities in wage determination practices.

9.3 Article 3: Non-decision making in the reform of equal pay policy – The case of Finnish gender equality legislation

The purpose of this article is to analyse an example of non-decision making in the Nordic tripartite policy process, namely the reform of the Finnish gender equality legislation. The concept of non-decision making can be used for analysing the mechanisms through which gender equality issues are marginalised and delegitimised in order to keep them off the political agenda. The suppression of women’s shared interests is central to the maintenance of a patriarchal society. By analysing non-decision making, it is possible to understand the dynamics and methods used by patriarchal systems in order to marginalise gender equality issues and maintain the patriarchal status quo (e.g. Marchbank, 1994, 2000).

Building on earlier gender equality legislation, the Finnish gender equality law has been recently reformed. The process began in 2012, and the reformed law was enacted in 2015. Currently, Finnish organisations are obliged to reform their gender equality plans and pay surveys to meet the requirements of the reformed law. This article tells the story of how the law for pay comparisons came into existence. It was negotiated in a tripartite working group consisting of representation from the Finnish governmental gender equality machinery and the seven central labour market organisations.

This article has the following specific aims: to analyse the role of employer and employee organisations in shaping Finnish equal pay policy, to provide an analysis of the strategies used by the organisations in order to prevent changes in policy, and to analyse the implications of the policy process for equal pay objectives.

The data consist of documentation from a total of 18 tripartite working group meetings, the minutes of the meetings and appendices. The research method used is qualitative content analysis (e.g. Schreier, 2014). The analysis focuses on the argumentation used by the participants of the working group. The analysis uses the idea of barriers in the policy process (e.g. Marchbank, 1994, 2000). The different phases in the policy process are: 1) objective interest, 2) public agenda, 3) political agenda, 4) decision, and, 5) implementation. In order to become a policy, the policy initiative has to go through all these phases and overcome barriers between the phases. Non-decision making can occur in all of these phases.

According to the analysis, four main topics of negotiation and conflict are identifiable: 1) shop stewards’ access to wage data, 2) comparing wages between collective agreements, 3) equal value comparisons and, 4) comparing by pay component. These central issues remained on the agenda throughout the policy process, and the methods of non-decision making were targeted towards these issues until a compromise was eventually reached and issue suppression successfully achieved.

With all four central topics of negotiation, the employer organisations were successful in limiting the scope of decision-making to issues that do not pose a major threat to their vested interests. The newly reformed gender equality legislation does not give specific advice on shop stewards’ access to wage data, and it does not mention comparing wages
between collective agreements. It does mention work of equal value but does not give any specific tools on conducting equal value comparisons. The scope of comparing wages is limited to comparing the same and similar jobs within pre-existing pay grades and other classification. Comparisons by pay component are included in the law but only if pay differences are identified when comparing total wages.

Marchbank (1994) lists methods of non-decision making. In this working group, methods such as delegitimising, issue suppression, branding with negative symbols and intimidation are used. In addition, there is bargaining: in order to meet some of their objectives the Ministry was willing to compromise and let Finnish organisations conduct gender equality planning less often in the future.

When looking at the reformed law about pay surveys, it is clear that many of the central features initially included on the working group’s agenda did not survive the tripartite policy process. This case also highlights the consequences of the tripartite policy process on policy initiatives. The participants have a vested interest that they aim to protect when participating in policy processes. The policy process also has implications for the effectiveness of such policies, which can be characterised as compromises.

Pay surveys are a policy mechanism targeted at preventing pay discrimination and to make, at least to some extent, the undervaluation of women’s work (Grimshaw and Rubery, 2007, Austen et al., 2013) visible at the organisational level. The efficiency of such policy mechanism is compromised by a variety of factors: evaluation-based pay systems that are used as a tool for pay comparisons are indeed not always based on assessing job demands and performance but can reflect a variety of issues such market factors and shared cultural understandings of appropriate wage levels for certain jobs or employee groups. Thus, using pre-existing pay grades is not a reliable comparison method. The institutional actors’ vested interests are reflected both within the existing pay systems which they have often negotiated as part of collective agreements and the policy mechanism itself, which the same actors negotiated. The employer organisations especially made sure that the policy developed would not shake the status quo and their vested interest – that is, the existing structure of wage formation in the Finnish labour market. The tripartite policy process, and the problems it entails, is very rarely openly discussed in Finnish society.
10 DISCUSSION

10.1 Arguments based on research findings

The aim of this thesis was to shed light on the dynamics behind the failures of equal pay policy. This was done on several levels: policy, society, institutional actor, ideology, and organisation. I discussed how the overall success of the Finnish equal pay policy is linked to the specific context of the Finnish welfare state, the form it has taken and the kind of citizenship it has offered its female citizens: specifically, the right to paid work but within the secondary labour market in highly feminised occupations in the public sector. In Finland, the national industrial relations system also impacts upon gender pay equity through collective bargaining and tripartite policy making. Dominant ideologies such as neoliberalism and individualism are linked to how traditional gender equality policy is perceived and whether it is seen as relevant in organisations, thus directly influencing the effectiveness of gender equality policy.

As presented in the introduction, the aim of this study was to locate the reasons for and explain the mechanisms behind the fact that the current equal pay policy has had limited success in narrowing the gender pay gap in Finland. This issue was approached through three articles, each of which addresses an issue which is critical to Finnish and international equal pay policy. Based on the research findings, I make five specific arguments:

1) The Finnish welfare state has played an active role in creating a secondary labour market for Finnish women in the reproductive work of the public sector

2) The central labour market organisations have further strengthened the gendered division of labour and hierarchy between male-dominated and female-dominated sectors and industries by institutionalising the wage relativities between these industries in collective agreements

3) As central actors and powerful players in Finnish policy-making, the central labour market organisations protect their vested interests and resist changes to equal pay policy and legislation

4) Instead of directly addressing the most important structural and institutional features of the Finnish labour market, current Finnish equal pay policy focuses on less controversial issues, such as organisational practices

5) Failure to address the most relevant issues on gender pay equity results in modest policy outcomes

This thesis aims to make several important contributions to scholarly debates and research methodology as well as evidence of challenges in policy, and these are now presented.
10.2 Contributions in Article 1

Introducing institutionalised undervaluation. A major contribution that this article seeks to make is the introduction of the concept of institutionalised undervaluation. The concept refers to the undervaluation of women’s work that is embedded in the formal structure of wage determination, such as collective agreements. Institutionalised undervaluation originates in the gendered understandings of appropriate wage for work conducted by men and women. It has become a part of the formal structure, and the gendered nature of the structure often remains invisible and unrecognised. Previous scholarship has not specifically addressed or conceptualised the embeddedness of the undervaluation within the formal structure of wage determination.

A methodology for studying institutionalised undervaluation. Article 1 also contributes to research methodology in studying undervaluation. The article provides an example of how this issue can be studied by combining both qualitative and quantitative methodologies and a feminist institutional approach. We analysed both the collective agreements and pay systems used in the Finnish local government sector and their impact on gender pay equity. The results show that collective agreements in the local government sector do indeed contribute to the gender pay gap, which can be interpreted as evidence of institutionalised undervaluation.

Evidence of ineffective legislation. Article 1 also provides evidence of the practical implications of the newly reformed gender equality legislation. The new legislation on pay surveys advises the conduct of comparisons within pre-existing job titles, not between different jobs and different collective agreements. The local government sector, with five major collective agreements and, within these, over 300 pricing groups, highlights the problems in the reformed law. Using the pre-existing categories as the basis for comparisons leaves the wage relativities between the different jobs and collective agreements unaffected.

10.3 Contributions in Article 2

The intertwining gender inequalities in pay systems. The theoretical contribution of the article develops the idea that different sources of gender inequalities are intertwined with the pay systems and that the formal pay systems often provide unwarranted, gender-neutral legitimacy to wages paid (see also Acker, 1989, 1990). Wages serve multiple functions and can be understood as a social practice – that is, as shaping and reflecting gender, class and ethnicity (Figart et al., 2001). The apparently neutral language of HRM and the bureaucratic appearance of pay systems make wage determination seem a neutral process according to which everyone receives the same treatment. In practice, this is not the case. Even when the formal pay system is neutral, the cultural, gendered valuations often find their way into the realised pay systems, that is, the wages that are actually paid to men and women and on what bases.

Critical analysis of pay systems as policy mechanisms. Evaluation-based pay systems are central in Finnish and international equal pay policy. They are believed to promote gender pay equity. This assumption is based on the following: there is supposed to be an analytical assessment of job demands which is then believed to uncover how skills and capabilities utilised in women’s jobs are often under recognised and underpaid. The results of Article 2 show that the organisational reality is indeed very different from that which policy makers have in mind when they think about evaluation-based pay systems as a method for promoting gender pay equity. In practice, analytical assessment
of either job demands or individual performance is rarely conducted. In addition to job demands and performance on the job, wages paid are based on a variety of factors including market rates, budget restrictions, gendered valuations of occupation, pre-existing wages, using several pay systems within the organisation and manipulation. While the formal system provides the appearance that wages paid are based on actual assessment, this very well may not be the entire truth. The formal system may thus legitimate paying unequal wages. Thus, the assumption that evaluation-based pay systems inherently promote gender pay equity should be re-evaluated.

**A methodology for studying intertwining gender inequalities in pay systems.** Article 2 is based upon my experiences of working in an action research project that aimed at developing pay systems with the objective of promoting gender pay equity. Its contribution to research methodology is that it is an innovative combination of a qualitative document analysis of pay systems, a thorough assessment of case organisations’ pay processes and observations and experiences from developing pay systems together with case organisations. Together all these methodologies provide interesting insights into organisational pay processes and how these are gendered.

### 10.4 Contributions in Article 3

**Unique study of non-decision making and the tripartite policy process.** Another contribution is that Article 3 is a unique study about non-decision making in the tripartite policy process in the Finnish context. Even though there is a small number of studies on the tripartite policy process (e.g. Salmi and Lammi-Taskula, 2013, Saari, 2015, Ikävalko, 2010), to my knowledge there are no other studies using original documentation of a tripartite working group renewing gender equality policy in Finland. Even though developing policy in the tripartite framework it is a common practise, the work and negotiations taking place in the tripartite policy process and the implications for the resulting policy or legislation have rarely been studied. In the case presented in Article 3, employer organisations were successful in limiting the scope of decision making to relatively non-controversial issues. They managed to avoid more dramatic changes to the legislation taking place. As a result, the newly reformed gender equality law does not present a threat to the status quo. It does not require, for example, comparing wages across different collective agreements within the organisation, an issue that would be highly relevant for many Finnish organisations, including the local government sector as a whole.

### 10.5 Contributions in the Kappa

**The role of the welfare state in creating a secondary labour market for women.** In addition to the empirical findings of the articles, contributions of the thesis include developing the idea that, in addition to being “women-friendly” and providing Finnish women (and men) with parental leave, day care, schools and social security, the welfare state has actively contributed to the formation of a low paid secondary labour market in which Finnish women typically find employment (Hernes, 1987, Pfau-Effinger, 1993, Mandel and Shalev, 2009a, 2009b, Estevez-Abe, 2006). Finnish women often work in the local government sector, in day care, education, health care and social services. The welfare state thus relies on the availability of inexpensive female labour. In return, it provides its citizens with low cost services. Therefore, it is misleading to give gender segregation and individual occupational choice as explanations for the aggregate
gender pay gap, when there are such self-evident structural features of the Finnish labour market contributing so significantly to the gender pay gap.

The “precarious worker/temporary home-maker” gender contract. In this thesis, I also developed the idea that the Finnish gender contract (Hirdman, 1988, Rantalaiho, 1994, 1997; Julkunen, 1994, 2010, Pfau-Effinger, 1993) has been renegotiated. The features of the earlier working citizen gender contract, such as a strong commitment to full-time employment, are not present in current Finnish society and gender relations. In 2016, Finnish women are taking a long career break when having children, and often they have no job to which they could return after parental leaves. They often work fixed-term, and part-time employment has become increasingly common (20%) in a society where it used to be uncommon and also only half of children under three years of age are in day care (e.g. Statistics Finland, 2014). The renegotiation of the gender contract is likely to be linked to more general ideological influences present in Finnish society. In the new gender contract, the working citizenship of Finnish women is weaker, even precarious, and the neo-familial conservative influences are stronger. I labelled the current gender contract “the precarious worker/temporary home-maker” contract. The renegotiation of the gender contract, in my view, is the end result of several simultaneous phenomena: the recession in the 1990s and again in the 2000s, globalisation and the rise of neoliberalism, changes and uncertainty in the labour market and the rise of conservative family values.

The active role of labour market organisations in institutionalising wage relativities. The institutions, that is, the trade unions and employer organisations have played an active role in institutionalising the wage relativities between different jobs and industries, as also presented in Article 1. These organisations negotiate on wages for Finnish organisations and have the power to change the wage relativities. To do so, however, requires political will, will that apparently does not exist. The same actors are present in Finnish policy making and are able to resist developing policies that would collide with their vested interests, such as collective agreements negotiated by them, as described in Article 3.

Colliding ideologies and the failures of equal pay policy. This thesis also highlights that the failures of the equal pay policy are related to colliding ideologies. The dominant way of thinking in contemporary Western societies such as Finland emphasises individualistic values and meritocracy (e.g. Benschop et al., 2015, Kirkpatrick, 2010, Budgeon, 2015, Baker, 2007, Lewis, 2014). In this line of thinking, everyone has the opportunity to realise his or her potential. Failure to succeed is seen as being the fault of the individual. The role of social structures and power relations is often downplayed. Neoliberalism, neoliberal feminism and popular organisational practices such as diversity management and pay-for-performance all represent examples of this dominant ideology (e.g. Budgeon, 2015, Kantola and Squires, 2012, Harvey, 2005, Rottenberg, 2014, Prasad et al., 2006, Meriläinen et al., 2009, Rubery, 1995). The Nordic social democratic welfare state and state feminism represent a very different type of ideology, with the state as a provider of social justice and equality, thus levelling the field for citizens with a different background (e.g. Esping-Andersen, 1990, Hernes, 1987, Rantalaiho, 1997, Kantola, 2006). Previously, Finnish gender equality policy has been based on social democratic values. Recently, however, there has been a discursive shift towards neoliberalism and gender equality has to be argued for using the managerial language of the “business case” (e.g. Dickens, 1998).

Some policy mechanisms to promote gender pay equity can be linked to both earlier gender equality policy and newer, neoliberal tendencies. This is what makes these
mechanisms or tools particularly confusing and explains why using these tools does not provide the desired results. A good example of this is the evaluation-based pay system. These systems have been linked to both causing gender bias in wage determination and the allowing the uncovering of the undervaluation of women’s work through the use of job evaluation (e.g. Acker, 1989, England, 1992, Steinberg, 1992). Today, the use of such pay systems is recommended in equal pay policy, and, indeed, it actually might be possible to establish a fair and gender-equal wage determination process for an organisation by using an evaluation-based pay system. That is, if equal pay was the goal. Unfortunately, and confusingly, the typical reason for adopting such a pay system is not the promoting of equal pay. Rather, the typical objective is managing performance, and thus enhancing productivity. The objective for implementing the system matters – if gender equality is not set as a goal, it is unlikely to be the result.

10.6 Implications for policy and practice

**False assumptions about central policy mechanisms.** The key research findings have several major implications for equal pay policy as well as for work organisations. I have provided evidence that a central tool for current equal pay policy, the evaluation-based pay system, does not guarantee equal pay, at least not in the way they are typically used in work organisation. This also has important implications for another central policy mechanism, the gender equality plan and pay survey. The current law for pay comparisons recommends the use of existing pay grades for comparing wages. They are to be compared within job titles or pay grades provided by the pay system. No re-evaluation of job demands is seen as relevant. The finding that typically wages paid are not in fact based on an evaluation of job demands and performance also means that the pre-existing pay grades are not a valid and meaningful tool to be used in pay surveys. Since the pay grades might not be based on an analytical assessment of job demands or performance, using these does little more than legitimise the existing hierarchy of jobs and wages.

**Policy development in the tripartite policy process is challenging.** Another implication for policy is that based on the results of Article 3 the role of the trade unions and employer organisations in policy making needs to be re-evaluated. These actors have vested interests in all policies that target some part of working life, whether it is gender equality, pay issues, parental leave or retirement age, just to name a few. Giving these actors such a central role in policy making does not guarantee a successful result, as demonstrated in Article 3. Indeed, all policies developed in the tripartite policy process are compromises and often flawed in their content.

**Collective agreements can institutionalise undervaluation.** Collective bargaining is often associated with improved gender equality (Colling and Dickens, 1998, Heery, 2006, Elvira and Saporta, 2001). Even if this is the case, there are challenges in this system as well. The complex collective agreement system of the Finnish labour market is rather inflexible and has more or less institutionalised the relativities of wages between different jobs and industries. These are not easily changed. Further, due to historical development, wage determination practices in the collective agreements are complex, bureaucratic, and the result of the negotiation process rather than being based on assessing the relative value or demands of different jobs. A related important aspect for equal pay policy is the challenge of using several collective agreements and, thus, several pay systems within an organisation, as exemplified in Article 1.
At the organisational level: careful implementation and monitoring. At the level of the individual organisation, to ensure fair and gender-equal treatment in wage determination, it is important to use an analytical pay system that is then carefully implemented. By careful implementation, I mean writing an accurate job description and then carefully evaluating the job’s demands using a job evaluation system. It is also important to be aware of possible gender bias and monitor the result carefully. A similar process is important in performance-related pay. Performance should be evaluated using transparent criteria. In addition, providing equal opportunities in career advancement is directly linked to narrowing the within-organisation aggregate gender pay gap. In gender equality planning, there could be a critical appraisal of current wage determination practices and an analysis of the current organisational hierarchy and whether that seems gender-equal. Comparing wages remains a challenging task and there are no easy answers.

10.7 Concluding thoughts

This study was a product of my long-standing interest in gender pay equity, equal pay policy, and labour market politics. I feel that in this thesis I have had the opportunity to express my views on the issues I have considered worth writing about for a long time. I have described the historical developments and central features of the Finnish society and labour market. In addition, I have elaborated on the role of the welfare state as well as institutional actors in shaping the labour market and creating the strong hierarchy between the primary and secondary labour markets. Also, I have shown how we need to make informed decisions on which stakeholders are involved in policy-making and what the implications are of that decision. Through all of this, I hope to have provided my readers with a broader sociological understanding of the dynamics and mechanisms behind the gendered labour market outcomes, such as gender segregation and the gender pay gap, and the processes and power struggles behind policy-making. Understanding these dynamics is crucial for policy development: in order to target certain issues causing gender inequality, we have to understand the dynamics which have led to the current situation. Only then can we try to devise suitable remedies.
REFERENCES


Equal Remuneration Convention, ILO C100 (1951).


Finnish Advisory Board on Research Integrity (2013) Responsible conduct of research and procedures for handling allegations of misconduct in Finland. Helsinki.


Hallituksen esitys eduskunnalle laeiksi varhaiskasvatuslain sekä lasten kotihoidon ja yksityisen hoidon tuesta annetun lain muuttamisesta. HE 80/2015.


Prime Minister Matti Vanhanen’s second government programme 19.4.2007. Prime Minister’s Office, Helsinki, Finland.

Prime Minister Jyrki Katainen’s government programme 22.6.2011. Prime Minister’s Office, Helsinki, Finland.

Prime Minister Juha Sipilä’s government programme 29.5.2015. Prime Minister’s Office, Helsinki, Finland.


APPENDICES

Article 1.
THE INSTITUTIONALISED UNDervaluation of women’s work-
The case of local government sector collective agreements

Paula Koskinen Sandberg and Roosa Kohvakka

In review process in Work, Employment and Society

Abstract: This article analyses the institutionalised undervaluation of women’s work in the Finnish local government sector. Undervaluation of work conducted by women has been identified as a one of the main causes of the aggregate gender pay gap. Nonetheless, undervaluation escapes many of those policy measures on gender pay equity that focus on establishing wage discrimination. The local government sector provides an interesting case for research on undervaluation as there are several collective agreements and several wage determination systems for different employee groups. The level of gender segregation is high. However, the local authority is a single employer, and is obliged by law to treat all employees equally. This article analyses the role of collective agreements in institutionalising and legitimising the undervaluation of women’s work. In this article, wages are seen as a social practice that are shaped by and reflect institutional, societal and historical contexts.

Key words: Equal pay, Institutionalised undervaluation, Collective bargaining, Local government, Finland

INTRODUCTION

Undervaluation of women’s work has been identified as a significant threat to gender pay equity (e.g. Grimshaw and Rubery, 2007; Austen et al., 2013). Grimshaw and Rubery (2007) define undervaluation of women’s work as: a) being paid less than men for the same or equally demanding jobs, and b) being employed in jobs that are undervalued. The first definition is familiar within scholarship on comparable worth (e.g. Acker 1989), as well as in policy measures on pay equity (e.g. ILO Convention 100). The second form of undervaluation escapes much of established equal pay policy, which is often focused on comparisons between men’s and women’s wages and job demands. Undervaluation, however, is likely to occur in jobs and industries that are highly feminised. In these industries, making comparisons with men’s wages can pose a challenge. The relative absence of male comparators does not mean that gender-based undervaluation is not occurring, but rather that it provides a challenge for proving it (see Austen et al., 2013, Smith, 2011).

This article analyses the institutionalised undervaluation of women’s work in the Finnish local government sector. The local government sector is a particularly relevant sector to study for several reasons: it is a large employer in Finland, especially for women, it has a highly segregated labour force and altogether five major collective agreements with different pay systems for different employee groups. In spite of the collective

26 Reviews have been received and a revision is under preparation.
agreements, a local authority is a single employer and therefore obliged by law (Act on Equality Between Women and Men 1986/609, 232/2005, 1329/2014) to treat all its employees equally in terms of employment, including wages paid. There is some indication in previous studies that the different collective agreements contribute to the gender pay gap in the local government sector (Ministry of Social Affairs and Health, 2008). Further, the undervaluation of women’s work in the sector was acknowledged in the 2007-2011 government programme, with the promise of support for pay increases for female-dominated jobs in the local government sector where pay is not in line with job demands.

This article makes three contributions. First, building on earlier scholarship we introduce the concept of institutionalised undervaluation. Second, we provide a methodological example of how to study the challenging issue of institutionalised undervaluation of women’s work, utilising both qualitative and quantitative methods in the analysis of the Finnish local government sector collective agreements and wages. Third, based on our results, we argue that the question of institutionalised undervaluation escapes current equal pay policy that focuses on comparing the wages of men and women within job titles and pre-determined pay grades.

The data used in this article consist of the following elements. First, the collective agreement texts were analysed in order to elaborate on the wage determination process in the local government sector in Finland and how they vary according to different jobs and fields within the sector. Second, a regression analysis was conducted with the aim of demonstrating the effect of a certain collective agreement when controlling for traditional productivity factors, such as education and age. Third, a decomposition technique is applied to further analyse the role of collective agreements in explained and unexplained gender wage gaps.

The research questions posed are:

RQ1) What are the main characteristics of wage determination systems in the Finnish local government sector, and how are they likely to impact on gender pay equity in the sector?

RQ2) To what extent do collective agreements explain differences in pay in the case organisations when controlling for human capital variables?

The article is structured as follows. We begin by discussing theories related to undervaluation of women’s work, then move on to collective agreements and gender pay equity. Third, we describe the attempts to implement the equal pay principle in Finland, and, fourth, we present the Finnish context. This is followed by a description of the data and methods used in this article. Sixth, the analysis of the data and the results are presented. Finally, the findings regarding how the undervaluation of women’s work is institutionalised are discussed and conclusions and policy implications presented.

THE UNDERVERALUATION OF WOMEN’S WORK

According to Figart et al. (2002), wages can be viewed from three perspectives: wages as a price, wages as a living, and wages as a social practice. Wages as a price is the mainstream economics view according to which wages reflect the productivity of a certain job as well as market factors. Wages as a living represents the view that wages should be enough to ensure a decent standard of living for the worker. The third
approach is wages as a social practice. According to this perspective, wages are based on cultural understandings of a worker’s appropriate place. Wages shape and reflect gender, class, race and ethnicity. Similarly, Austen et al. (2013) and Austen and Jefferson (2015) describe the underlying differences between the mainstream economics approach and the institutional approach that emphasises cultural, historical and relational contexts fundamental to wage determination.

Grimshaw and Rubery (2007) argue that not only is undervaluation a legacy from earlier contexts, it is an ongoing process that is shaped by the actions of employers, governments, trade unions and other social actors. The understanding of appropriate wage levels for men and women is deeply rooted in the societal value systems. The association between the gender of the typical worker and the work conducted has often meant that women’s work is undervalued. The undervaluation is likely to have its roots in the fact that reproductive work has historically been work conducted by women in the private sphere and without pay, and this has had its effect upon feminised jobs in the local government sector. The value of work and occupational status is socially constructed (Hampson and Junor, 2015) and is based on the cultural, shared understanding of the appropriate level of wage for certain jobs and certain employee groups.

Steinberg (1990) writes that prior to the comparable worth movement, the gender pay gap was seen as a combination of women’s lack of human capital and labour market discrimination. The comparable worth movement drew attention to the idea that wage determination processes might be distorted and reflect a greater valuation of male skills and characteristics. While mainstream economics sees the gender pay gap as resulting from differences in men’s and women’s human capital as well reflecting market factors, not all scholarship agrees on this. Grimshaw and Rubery (2007) view wages as serving multiple roles and functions. They believe that wages reflect compromises between competing pressures and are shaped by institutional, social and economic contexts.

Building on earlier scholarship, in this article we introduce the concept of institutionalised undervaluation. By institutionalised undervaluation, we mean how the undervaluation of women’s work is embedded in the formal structure of wage determination, such collective agreements. Institutionalised undervaluation originates in the gendered understandings of appropriate wages for work conducted by men and women. However, it has become a part of the formal structure and the gendered nature of the structure often remains invisible and unrecognised.

COLLECTIVE AGREEMENTS AND GENDER PAY EQUITY

Centralised and regulated industrial relations systems have been associated with positive equal pay outcomes (e.g. Colling and Dickens, 1998). Collective agreements have traditionally been viewed as gender-neutral, but when one examines them more carefully it is clear that they are gendered and can influence the working conditions of men and women in different ways. The seemingly gender-neutral agreements are implemented in a highly gendered labour market. In Finland, collective bargaining is extensive, and the industry-wide collective agreements are also binding on non-organised employers. The great majority of Finnish employees are covered by collective agreements. The bargaining system is centralised and typically the central employee and employer organisations negotiate a national framework that is used as basis for industry level collective agreements. Often the state also participates in negotiating the incomes policy agreements, in which related policy issues such as taxes and social policy are also negotiated (e.g. Martikainen, 2000, Kauppinen, 2004).
While this extensive collective bargaining can be seen as supporting equal pay objectives by, for example, raising wage floors, there are also features that work against possible positive outcomes. Suoranta (2009) argues that the gendered hierarchy is a central feature of the Finnish labour market and that trade unions have also protected male privilege at the expense of female labour. Female labour was and still is flexible (fixed-term, part-time) and less costly in comparison to male labour (see also Walby, 1986, 1990). Gender pay equity has indeed been on the agenda of the Finnish incomes policy negotiations, and an equality supplement has been allocated several times to female dominated jobs that are low paid (Martikainen, 2000). In the past, there have been demands to raise women’s wages in jobs that are seen as underpaid and undervalued. The best example of this is the 2007 Union of Health and Social Care Professionals’ threat of strike that originated in a conflict in collective bargaining between Local Government Employers and the above-mentioned trade union about wage increases for registered nurses, a highly feminised occupation in Finland and elsewhere. In recent negotiation rounds, equality supplements have not been included in the incomes policy agreements.

EQUAL PAY FOR WORK OF EQUAL VALUE

Job evaluation has been regarded as one of the most important methods to promote equal pay. There have been high expectations for job evaluation to make the undervaluation of women’s work visible and remedy the inequalities in wage determination. Evaluation-based pay systems are central in Finnish equal pay policy (e.g. Ministry of Social Affairs and Health, 2007), and it is assumed by policymakers that these systems promote equal pay. The assumption is likely to be based on the earlier link (e.g. Acker, 1989) between job evaluation and the attempts to implement comparable worth, both in international and Finnish contexts. Pay systems were indeed developed in Finland throughout the 1990s and 2000s, and today the coverage of such systems in Finnish organisations is very high. The pay systems were not, however, implemented with the primary objective of promoting equal pay. This is an important point since the objectives for the implementation of a new pay system clearly impact on the outcome. When the objective is not to promote equal pay, there really is no valid reason to believe that the pay system will automatically promote it (e.g. Figart et al., 2002, Koskinen Sandberg, forthcoming).

In Finnish equal pay policy, the distinction between job evaluation as a tool for promoting equal pay and job evaluation as a managerial practice seems to be particularly confusing. For example, it was found that in a sample of 18 Finnish organisations none of the organisations had gender pay equity as a specific objective of the pay system (Koskinen Sandberg, forthcoming). Further, there were gaps between formal and realised pay systems and also several layers of gendered practices that undermine the potential of the pay systems to promote equal pay. Among these organisations were several local government organisations where the challenges included using several pay systems for different employee groups and using global ranking instead of analytical job evaluation. Nonetheless, the evaluation of the Equal Pay Programme states that the entire local government sector is covered by what are termed “the new pay systems” and that the wages there are based on job demands and individual performance (Lonka, 2015). However, as will become clear, this is not the case.
THE FINNISH CONTEXT

The gendered and segregated structure is one of the key features of the Finnish labour market (e.g. Suoranta, 2009). Even though the Finnish female workforce is highly educated and participates actively in the labour market, female-dominated industries and occupations remain lower paid and less valued. The average income of Finnish women is 83 per cent of the income of Finnish men (Official Statistics of Finland, 2014). The gender pay gap has been very persistent and has shown no significant signs of narrowing.

Finnish equal pay policy has been strongly influenced by international standards (e.g. 2006/54/EC, ILO Convention 100, 1951). Until the 1960s it was a widely accepted common practice to pay women significantly lower wages than men were paid, even for same and similar jobs (Nummijärvi, 2004), with different pay scales for women and men. After Finland ratified the ILO Equal Remuneration Convention in 1962, these separate pay scales gradually disappeared. This does not, however, mean that wages paid in present day Finland are not affected by gendered valuations.

The Finnish local government sector

In Finland, the local authorities are responsible for a wide variety of services, including health and medical care, education, social services, waste management, water services and so forth. The Finnish local government sector is a textbook example of an organisation with a highly gender-segregated labour force. The employees of the local government sector are covered by a total of five major collective agreements, with different methods of wage determination. In a nation of a little over 5 million people, the local government sector is a large employer, with 435,000 employees altogether (Local Government Employers website). It is also a female-dominated sector with 80 per cent female personnel. Especially female dominated (90 per cent) is the largest collective agreement, the General Collective Agreement. The General Collective Agreement covers jobs such as child care and health care. Among the five major collective agreements, the General Agreement is the lowest paying on average (Table 1). In the Technical Sector Collective Agreement, 80 percent of employees are male.

Table 1. Local government sector collective agreements

<table>
<thead>
<tr>
<th>Collective Agreement</th>
<th>Employees</th>
<th>Average monthly pay within collective agreement, 2013</th>
<th>Examples of typical jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Collective Agreement</td>
<td>315 000</td>
<td>2714 €</td>
<td>Kindergarten teacher&lt;br&gt;Registered nurse</td>
</tr>
<tr>
<td>Education</td>
<td>65 000</td>
<td>3795 €</td>
<td>Elementary school teacher</td>
</tr>
<tr>
<td>Technical Sector</td>
<td>25 000</td>
<td>3166 €</td>
<td>Engineer</td>
</tr>
<tr>
<td>Physicians</td>
<td>16 000</td>
<td>7282 €</td>
<td>Physician</td>
</tr>
<tr>
<td>Hourly paid employees</td>
<td>10 000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(Source: Local Government Employers website)
In Finland, many collective agreements specify the pay principles and even pay systems to be implemented in the sector. This is also the case in the Finnish local government sector. The Local Government Employer website states that wages in the sector are based on the assessment of job demands and individual performance. In addition, factors that are taken into account when deciding on wages are the local labour market situation and the overall level of wages paid, as well as the ability of the local authority to pay. Although it is claimed that job pay is based on job demands, the local government sector uses global rankings of job demands, not analytical job evaluation. In addition, they use job “pricing”: there is a price (minimum wage) for each job. The “pricing” is different for each job and it is not explained where the price comes from. The Local Government Employers claim that the gender pay gap for women and men working in the same job is very small and that differences in pay are based on occupational gender segregation (Local Government Employers website).

**Challenges in Finnish gender equality legislation**

In Finnish legislation, the central gender equality law is the Act on Equality between Women and Men. The law was first enacted in 1986, and then reformed in 1995, 2005 and 2014. According to the law, employers are obliged to promote gender equality actively. Further, they are obliged to conduct gender equality planning and pay surveys regularly (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014). In the latest amendment of the law, there are guidelines for how to conduct pay comparisons: they are to be conducted within job titles and within pay grades or other suitable groups. Since men and women typically work in different jobs in Finnish organisations, much of the aggregate pay gap between men and women is not captured within the scope of the pay survey. Earlier drafts of the legislative renewal included comparing between different collective agreements, but these wordings did not survive the tripartite policy process in which the guidelines were drafted (Koskinen Sandberg, 2016).

Another problematic area in the new guidelines is that it is assumed that existing pay grades can be used as a tool for conducting equal pay comparisons. Earlier scholarship has established that job evaluation results cannot be assumed to reflect the actual job demands correctly (e.g. Steinberg, 1990; Acker, 1989). Further, several pay systems within a single organisation have been identified as a threat to gender pay equity. The different pay systems typically result in different levels of pay for different employee groups (e.g. England, 1992; Arnault et al., 2001, Rubery et al., 1997). In the case of implementing the obligations of the Finnish gender equality legislation, several pay systems make comparing wages a challenge.

**DATA AND METHODS**

In this article, we utilise both qualitative and quantitative data and methods. This enables us to build a comprehensive picture of the state of collective agreements and gender pay equity in the Finnish municipal sector. The analysis is conducted and presented in two phases:

1) We present a qualitative content analysis of the five major collective agreements in the Finnish municipal sector: General Collective Agreement, Education Sector Collective Agreement, Technical Sector Collective Agreement, Physicians' Collective Agreement, and Hourly Paid Workers' Collective Agreement. The data used are the collective agreement texts; these are public documents and readily available. The wage determination system of each of the five fields is documented in the collective
agreements. A comprehensive analysis of the details of the wage determination process is presented.

2) We conduct a quantile regression analysis and Oaxaca-Blinder decomposition on municipal sector wage data. The data were collected as part of a project called Gender Equality into Pay Systems. The objective of the analysis is to analyse how much of the gender pay gap in the local government sector can be attributed to the collective agreements, when controlling for human capital variables. We analyse wage data from two case organisations. Comparisons are made between the General Collective Agreement and Education Sector Collective Agreement and the General Collective Agreement and Technical Sector Collective Agreement.

ANALYSIS OF LOCAL GOVERNMENT SECTOR COLLECTIVE AGREEMENTS

Wage determination in the Finnish local government sector is a complex and highly bureaucratic process. The bureaucratic appearance of the pay system documents hides their gendered nature (e.g. Acker, 2012). In this analysis, we aim to demonstrate that wage determination in local government sector collective agreements is likely to be based on a variety of institutional factors and not mainly job demands and performance on the job. Although the local government sector claims to use job demands as basis for determining wages, it actually uses global ranking (or whole job evaluation) for determining wages. The scope for comparing job demands between jobs is very small; they are only compared within job pricing groups. In other words, job demands are only compared within one job title. They are not compared between different jobs or between the five collective agreements. Indeed, the local government sector keeps wages for different employee groups strictly separate. In addition, the complicated nature of wage determination in the sector makes comparing the wages of different occupations highly challenging. The details of wage determination and components of pay of the five major collective agreements are presented in Table 2.

Since we do not have wage data for two of the collective agreements (the Physicians’ Collective Agreement and Hourly Workers’ Collective Agreement), we do not discuss these in detail in the analysis. Instead, we focus on the three collective agreements of which we also have wage data. It is nevertheless noteworthy to say that the Physicians’ Collective Agreement is significantly higher paying than the other local government sector collective agreements. This is the agreement with the highest bargaining power and highest average level of education for its members. It also enjoys a high level of occupational status and is one of the most valued occupations in Finnish society. The Hourly Workers’ Collective Agreement is mainly applied to seasonal work such as gardening, construction and maintenance. The wage determination in this collective agreement is simpler than in the other collective agreements. In the following text, we focus on three of the collective agreements: The General Collective Agreement, Technical Collective Agreement and Education Sector Collective Agreement.

General Collective Agreement
The General Collective Agreement is the largest of the five major collective agreements of the municipal sector. It covers fields such as child care, health care, care of the elderly, libraries, etc. The General Collective Agreement includes most of the highly feminised occupations of the local government sector. In this agreement, there are pricing annexes for each field, within which there are pricing groups by job title. The pricing group has a minimum wage for that particular job. There are nine pricing annexes altogether and
within those, 49 pricing groups (see Table 2). The minimum job pay varies between 1700-2880€.

The collective agreement advises the evaluation of job demands by using a job evaluation system that is based on assessing the following criteria; skill, responsibility, communication and, working conditions. The job evaluation is conducted as a global ranking and only within a pricing group. This means that the job demands of job groups covered by the general collective agreement are not compared within the agreement. Further, they are not compared with jobs covered by other local government sector collective agreements.

In addition to job-based pay, the general collective agreement has performance-related pay, a component based on experience and incentive pay. Performance-related pay within this collective agreement is only small and bonuses are also rather uncommon. The component based on work experience is 3 per cent of job pay after five years and 8 per cent after ten years. When needed, it also possible to pay market-based additional pay.
<table>
<thead>
<tr>
<th>Collective Agreement</th>
<th>Components of pay</th>
<th>Method of wage determination</th>
<th>No of pricing annexes and groups</th>
<th>Noteworthy factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>General CA</td>
<td>1. Job pay</td>
<td>Global ranking to be conducted mainly within pricing groups</td>
<td>9 annexes 48 pricing groups</td>
<td>1. Job pay is typically low 2. The typical amount of performance-related pay is small 3. Bonuses are less common than in other collective agreements 4. For experience, 3% for 5 years, 8% for 10 years</td>
</tr>
<tr>
<td></td>
<td>2. Performance-related pay</td>
<td>Performance appraisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Experience-based component</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Bonus (market-based component is possible)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical CA</td>
<td>1. Job pay</td>
<td>Job evaluation using either global ranking, analytical job evaluation of other chosen method</td>
<td>3 pricing groups</td>
<td>1. Fewer pricing groups than in other CA's 2. The role of performance-related pay is rather large 3. For experience, 4% for 3 years, 8% for 5 years</td>
</tr>
<tr>
<td></td>
<td>2. Performance-related pay</td>
<td>Performance appraisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Experience-based component</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Bonus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Other components based on market factors etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education CA</td>
<td>1. Job pay</td>
<td>Global ranking to be conducted within pricing groups</td>
<td>5 pricing annexes 176 pricing groups</td>
<td>1. Significant amount of pricing groups 2. Significant number of tasks conducted for additional pay 3. Much emphasis is put on qualifications 3. Experience-based pay varies a little between jobs. Seems to be cumulative: 5, 8, 10, 15 and 20 years each grant additional percentages</td>
</tr>
<tr>
<td></td>
<td>2. Performance-related pay</td>
<td>Performance appraisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Experience-based component</td>
<td>Extra components</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. A market-based component, when needed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Extra component for certain tasks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Extra pay for working in peripheral area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physicians CA</td>
<td>1. Job pay</td>
<td>Global ranking to be conducted within pricing groups, seems to be linked to hierarchical position</td>
<td>5 pricing annexes 52 pricing groups</td>
<td>1. Claims to evaluate job demands but appears to use hierarchical position 2. The level of wages paid is much higher than in other CA's 3. Much of wage is based on procedures and also on call duty, i.e. job pay for a physician is 5,957€ but average monthly earnings is 814€ 4. High level of bargaining power</td>
</tr>
<tr>
<td></td>
<td>2. Performance-related pay</td>
<td>Performance appraisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Experience-based component</td>
<td>Extra components</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Extra component for certain procedures</td>
<td>On call duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Extra for clinical work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Pay for responsibility for a certain population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7. On call duty</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. Bonuses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. Market-based component</td>
<td>On call duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hourly worker's CA</td>
<td>1. Hourly job pay</td>
<td>No details on this. Pricing groups give description of the level of skill and experience needed. Also piecework pay</td>
<td>0 annexes 8 pricing groups</td>
<td>1. Seasonal work 2. Wage determination less bureaucratic than in other CA's</td>
</tr>
<tr>
<td></td>
<td>2. Experience-related component</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Performance-related component</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Working conditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Unsocial hours</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Technical Sector Collective Agreement
As the name indicates, the Technical Sector Collective Agreement covers the technical jobs within the local government sector. These jobs are mainly male-dominated. The wage determination process (Table 2) in the Technical Sector Collective Agreement is different from other local government collective agreements. It does not have pricing annexes but it does have three pricing groups: 1) “craftsman” with a minimum wage of 1657€, 2) the intermediary level with a minimum wage of 1835€, and 3) supervisory and leadership tasks with a minimum wage of 3038€. Each employee is to have a pricing group. The base job pay can be above the minimum but not below it.

Job demands are “taken into account” when deciding on job pay. They are to be evaluated by using the following criteria: decision-making, responsibility, organisational position, technical skills, education, experience, interaction, working conditions. The technical collective agreement leaves the method of job evaluation to be decided on at the local level. It can be analytical job evaluation, global ranking or some other method. Global ranking is rather commonly used. The same method is to be used for all jobs within the collective agreement. In addition to job pay, there is performance-related pay (which is up to 30 per cent of job pay), a component based on experience (4 percent after three years, and 8 per cent after five years), and bonuses and several additional pay components, such as a market-based component and red circling. Wages within the technical collective agreement are not compared with wages in other collective agreements of the local government sector.

Education Sector Collective Agreement
Providing education is one of the services for which the local government sector is responsible. Education services consist of different types of schools and different levels of education from primary school (from age 7) to high schools and vocational institutes. Higher education is not provided by the local government sector.

Wage determination in the Education Sector Collective Agreement is rather similar to that of the General Collective Agreement (Table 2). The main difference is the level of pay, which typically is significantly higher. The job evaluation criteria are the same as in the General Collective Agreement and the local authorities are to conduct global ranking of job demands using the criteria derived from the collective agreement. The Education Sector Collective Agreement has five pricing annexes for different types of schools and a total of 176 pricing groups. The pricing has a lower and upper threshold, that is, a minimum and maximum wage. Again, the assessment of job demands using the global ranking method is only to be conducted within the pricing groups. What this means is that they are only conducted among the same and very similar jobs, not between different teaching jobs. In addition, there is a large number of different tasks with a price. For doing the task, the teacher receives a certain pay. Teachers also have a performance-related component of pay, experience-related component of pay and a market-related component of pay. In addition, working in peripheral geographic areas is a basis for extra pay. The range of job pay is roughly from €2000 for certain primary school teachers to almost €5000 for certain head teachers.

Gender pay equity in the local government sector
As described earlier, wage determination in the local government sector is highly bureaucratic, complex and, difficult to understand. The wages and conditions of work for employees covered by the five main collective agreements are negotiated separately. Within the collective agreement there are several methods of wage determination and almost 300 pricing groups. Job demands, if they are evaluated, are evaluated only within
the pricing group that basically consists of the same and similar jobs. So, what is the level of gender pay equity in the local government sector? It is almost impossible to say for certain. Since much of the feminised reproductive work is concentrated in the local government sector, especially in the General Collective Agreement, it is likely that women covered by the General Collective Agreement would be undervalued and underpaid.

What we do know is that there have been no systematic attempts to assess job demands throughout the local government sector, even though each local authority is a single employer and obliged by law (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014) to treat its employees equally. The wages paid are not the result of systematic assessment of job demands and individual performance. Rather, they reflect institutional factors and cultural valuations of occupations. In the next section, we analyse the extent to which the separate collective agreements play a role in creating and maintaining the gender pay gap within the local government sector.

ANALYSING THE WAGES OF CASE ORGANISATIONS IN THE FINNISH LOCAL GOVERNMENT SECTOR

In the analysis, we draw on institutional approach (e.g. Austen et al., 2013, Jefferson et al., 2014). While we utilise mainstream methodology, the aim of the analysis is not primarily to explain the gender pay gap with productivity factors. Rather, the aim is to analyse the role and impact of the different collective agreements in local government sector wage determination, and their role in relation to the gender pay gap.

The data used in the analysis was collected in the research and development project Gender Equality into Pay Systems (Ikävalko et al., 2011). In the project, the pay systems of 18 Finnish organisations were developed in order to promote equal pay. Four Finnish local authorities participated in the project, and a large amount of data was collected from these case organisations, including wage data and survey data that included information on demographics. In this article, we focus on two case organisations: Organisation 1 and Organisation 2.

Consistent with the institutional approach we utilise a more limited project data instead of a large data set. There are pros and cons to this approach. The project data has certain limitations: for example, they were only collected from certain units of the local authority and might not be generalisable to the entire sector. Further, we are not able to provide analysis for certain employee groups, for example physicians. The major strength is that the authors worked in a research and development project together with the case organisations and are therefore able to reflect on the relevant local institutional factors, in other words the story behind the numbers.

The analysis is conducted in three steps. First, we describe the wage distribution of the two case organisations. Second, a quantile regression analysis is conducted to analyse wage formation at different points of wage distribution. Third, we utilise a decomposition technique to further analyse which variables explain the gender pay gap in the case organisations.

Description of data
In Organisation 1, comparisons are made between the General Collective Agreement (N=172) and Education Sector Collective Agreement (N=113), details in Table 3. The employee groups included in the sample are child care workers and teachers from
vocational institutes. Within the local authority, these are several separate units. The General Collective Agreement is highly feminised, whereas in this sample, the Education Sector Collective Agreement, the gender distribution is more balanced. Average wages are significantly higher in the Education Sector Collective Agreement, both for men and women.

In Organisation 2, comparisons are made between the General Collective Agreement (N=258) and the Technical Sector Collective Agreement (N=200). The units in question employ mainly experts, and employees within the same unit can be covered by either collective agreement depending on their job. In this sample from Organisation 2, there are more women in both collective agreements under comparison. Average wages in both collective agreements are higher for men than they are for women. The wage distributions both in total and within the collective agreement are illustrated in Figure 1 for both case organisations. In Organisation 1, women are strongly concentrated at the lower end of wage distribution, whereas in Organisation 2 the distribution is more balanced. However, also in Organisation 2, men are more strongly represented at the upper end of wage distribution.

Table 3. Descriptive information on case organisations

<table>
<thead>
<tr>
<th></th>
<th>Organisation 1</th>
<th>Organisation 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frequencies</strong></td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>General CA</td>
<td>8</td>
<td>164</td>
</tr>
<tr>
<td>Education CA</td>
<td>58</td>
<td>55</td>
</tr>
<tr>
<td>Technical CA</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Average wage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General CA</td>
<td>2880.7</td>
<td>2154.1</td>
</tr>
<tr>
<td>Education CA</td>
<td>3594.7</td>
<td>3519.1</td>
</tr>
<tr>
<td>Technical CA</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Gender pay gap, total</strong></td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>
Quantile regression

Gender wage gap estimation has been traditionally evaluated at the mean of the wage distribution, which implies that the wage differential remains constant throughout the wage distribution (Felgueroso et al., 2008). Instead of a traditional mean regression, we use quantile regression as it allows us to estimate our wage equations at three points in the wage distribution: at \( p_{10} \), \( p_{50} \) and \( p_{90} \). As demonstrated in Figure 2, the gender pay gap varies at different points of the wage distribution. Since the pay differences are widest at the middle of wage distribution, our analysis focuses on that point. Regression models for \( p_{10} \) and \( p_{90} \) for both case organisations can be found in the Statistical Appendix. We follow the early work of Mincer (1958; 1974) and include human capital variables as control variables in our models: age, education level and work experience. We also control for part-time work.
In Organisation 1, the gender pay gap is at its widest at the middle of the wage distribution (38%). As illustrated in Table 4, both gender and collective agreement contribute significantly to wage formation: being female and being covered by the General Collective Agreement both have a negative impact on wage formation when controlling for human capital variables. The traditional human capital variables do not impact upon wage formation significantly in the comparison between the General Collective Agreement and Education Sector Collective Agreement. According to our analysis, most of the pay differences for employees with similar levels of education and similar amount of work experience can be traced back to the two different collective agreements and the different wage levels determined by the collective agreements.

In Organisation 2, wage formation (Table 5) differs from what we found in Organisation 1. In the middle of the wage distribution, the gender pay gap is 20%. In Organisation 2, female gender does contribute negatively to wage formation. Here, however, collective agreement does not significantly contribute to wages. Instead, level of education and work experience contribute to wages paid. There could be several explanations for this, but one likely reason for this is that the jobs that are covered by the General Collective Agreement are very different from the jobs covered by the same collective Agreement in Organisation 1. There we had childcare, traditionally highly feminised care work. In Organisation 2, the work conducted is office work, much of it regarded as expert work. The kind of work conducted under two different collective agreements does not seem to result in different wages. The wage differences are based on differences in education and experience but also gender.

**Figure 2. Gender pay gap at different points of wage distribution**
<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ln_wage</td>
<td>8.189***</td>
<td>7.717***</td>
<td>7.510***</td>
<td>7.954***</td>
</tr>
<tr>
<td>(0.040)</td>
<td>(0.032)</td>
<td>(0.156)</td>
<td>(0.178)</td>
<td></td>
</tr>
<tr>
<td>Woman</td>
<td>-0.474***</td>
<td>-0.085***</td>
<td>-0.092**</td>
<td>-0.376***</td>
</tr>
<tr>
<td>(0.046)</td>
<td>(0.030)</td>
<td>(0.036)</td>
<td>(0.080)</td>
<td></td>
</tr>
<tr>
<td>Education CA</td>
<td>0.516***</td>
<td>0.427***</td>
<td>0.128</td>
<td></td>
</tr>
<tr>
<td>(0.026)</td>
<td>(0.026)</td>
<td>(0.039)</td>
<td>(0.082)</td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25–34 years</td>
<td>0.156</td>
<td>-0.048</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.145)</td>
<td>(0.150)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35–44 years</td>
<td>0.170</td>
<td>0.010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.146)</td>
<td>(0.150)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45–54 years</td>
<td>0.209</td>
<td>0.045</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.148)</td>
<td>(0.152)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 years or more</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (old)</td>
<td>0.009</td>
<td>0.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.068)</td>
<td>(0.070)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (new)</td>
<td>-0.006</td>
<td>-0.010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.084)</td>
<td>(0.086)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>0.121</td>
<td>0.106</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.069)</td>
<td>(0.071)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-secondary education</td>
<td>-0.027</td>
<td>0.020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.065)</td>
<td>(0.067)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s level education</td>
<td>0.006</td>
<td>0.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.063)</td>
<td>(0.065)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master’s level education</td>
<td>-0.011</td>
<td>-0.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.056)</td>
<td>(0.058)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year experience</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 3 years experience</td>
<td>0.008</td>
<td>0.032</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.059)</td>
<td>(0.061)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - 5 years experience</td>
<td>-0.027</td>
<td>0.020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.065)</td>
<td>(0.067)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - 10 years experience</td>
<td>-0.007</td>
<td>0.016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.059)</td>
<td>(0.060)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 15 years experience</td>
<td>0.006</td>
<td>0.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.063)</td>
<td>(0.065)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 years or more experience</td>
<td>-0.011</td>
<td>-0.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.056)</td>
<td>(0.058)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td>-0.429***</td>
<td>-0.414***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.054)</td>
<td>(0.056)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman_education CA</td>
<td>0.329***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.089)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 268.000 268.000 262.000 262.000

*p < 0.05, ** p < 0.01, *** p < 0.001
Table 5. Quantile regression (p50) Organisation 2 wage data

<table>
<thead>
<tr>
<th>Category</th>
<th>(1) ln_wage</th>
<th>(2) ln_wage</th>
<th>(3) ln_wage</th>
<th>(4) ln_wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>0.222***</td>
<td>0.220***</td>
<td>0.103***</td>
<td>0.087***</td>
</tr>
<tr>
<td></td>
<td>(0.048)</td>
<td>(0.046)</td>
<td>(0.019)</td>
<td>(0.024)</td>
</tr>
<tr>
<td>Technical CA</td>
<td>0.065</td>
<td>-0.003</td>
<td>0.027</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.047)</td>
<td>(0.019)</td>
<td>(0.026)</td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>()</td>
<td>()</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25–34 years</td>
<td>0.015</td>
<td>-0.180</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.129)</td>
<td>(0.122)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35–44 years</td>
<td>0.128</td>
<td>-0.064</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.129)</td>
<td>(0.123)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45–54 years</td>
<td>0.195</td>
<td>0.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.129)</td>
<td>(0.122)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 years or more</td>
<td>0.236</td>
<td>0.032</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.130)</td>
<td>(0.123)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (old)</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>()</td>
<td>()</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (new)</td>
<td>0.049</td>
<td>0.061</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.119)</td>
<td>(0.113)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>0.186</td>
<td>0.180</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.105)</td>
<td>(0.100)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-secondary education</td>
<td>0.467***</td>
<td>0.476***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.105)</td>
<td>(0.100)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s level education</td>
<td>0.519***</td>
<td>0.523***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.107)</td>
<td>(0.101)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master’s level education</td>
<td>0.733***</td>
<td>0.730***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.104)</td>
<td>(0.099)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licentiate or PhD</td>
<td>0.844***</td>
<td>0.857***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.137)</td>
<td>(0.130)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year experience</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>()</td>
<td>()</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 3 years experience</td>
<td>0.051</td>
<td>0.053</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.040)</td>
<td>(0.038)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - 5 years experience</td>
<td>0.040</td>
<td>0.034</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.043)</td>
<td>(0.041)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - 10 years experience</td>
<td>0.037</td>
<td>0.044</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.042)</td>
<td>(0.040)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 15 years experience</td>
<td>0.086*</td>
<td>0.081*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.043)</td>
<td>(0.040)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 years or more experience</td>
<td>0.051</td>
<td>0.056</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.041)</td>
<td>(0.039)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>()</td>
<td>()</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td>-0.513***</td>
<td>-0.526***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.054)</td>
<td>(0.051)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman_technical CA</td>
<td></td>
<td></td>
<td>-0.043</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.036)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>8.134***</td>
<td>8.120***</td>
<td>7.402***</td>
<td>7.588***</td>
</tr>
<tr>
<td></td>
<td>(0.035)</td>
<td>(0.039)</td>
<td>(0.167)</td>
<td>(0.159)</td>
</tr>
<tr>
<td>N</td>
<td>376.000</td>
<td>376.000</td>
<td>375.000</td>
<td>375.000</td>
</tr>
</tbody>
</table>

*p < 0.05, **p < 0.01, ***p < 0.001
Oaxaca-Blinder decomposition
Multivariate decomposition is widely used in social research to partition the difference in mean responses between groups or over time into components that reflect the difference in the mean levels of model predictors and difference in the effects of those predictors across groups or over time. The Oaxaca-Blinder multivariate decomposition approach is the most familiar and widely used method for linear models (Powers and Pullum 2006; Blinder 1973; Oaxaca 1973). The basic idea of the Oaxaca-Blinder decomposition is that differences in outcome levels can be explained by the differences in characteristics and by the differences in model coefficients. Thus, using decomposition methods we can divide the observed difference in, for example, wages into an explained component and an unexplained component.

In our decomposition of the gender wage gap, our interest is in quantifying the explanatory power of the collective agreement: How much of the organisation’s gender wage gap is explained by the collective agreement? In Organisation 1 (Tables 6 and 7), the aggregate gender pay gap is 35%, of which half is explained by the variables we use and half remains unexplained. The explained pay gap is almost entirely explained by the collective agreement. The collective agreement also contributes to the unexplained pay difference. In Organisation 2 (Tables 6 and 7), the aggregate pay gap is smaller (15%) and it is mainly unexplained. The collective agreements do not contribute to either explained or unexplained wage differences as they did in Organisation 1. However, the impact of collective agreement on male and female wages is different within the collective agreements.
Table 6. Oaxaca-Blinder decomposition, case organisation wage data
FULL MODEL WITHOUT INTERACTION

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>org1</td>
<td>org2</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group_1</td>
<td>7.792***</td>
<td>7.967***</td>
</tr>
<tr>
<td></td>
<td>(0.020)</td>
<td>(0.019)</td>
</tr>
<tr>
<td>Group_2</td>
<td>8.140***</td>
<td>8.117***</td>
</tr>
<tr>
<td></td>
<td>(0.030)</td>
<td>(0.023)</td>
</tr>
<tr>
<td>Difference</td>
<td>-0.348**</td>
<td>-0.150***</td>
</tr>
<tr>
<td></td>
<td>(0.036)</td>
<td>(0.030)</td>
</tr>
<tr>
<td>Endowments</td>
<td>-0.167*</td>
<td>-0.032</td>
</tr>
<tr>
<td></td>
<td>(0.053)</td>
<td>(0.025)</td>
</tr>
<tr>
<td>Coefficients</td>
<td>-0.053</td>
<td>-0.118***</td>
</tr>
<tr>
<td></td>
<td>(0.035)</td>
<td>(0.018)</td>
</tr>
<tr>
<td>Interaction</td>
<td>-0.128*</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>(0.054)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Endowments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is your collective agreement?</td>
<td>-0.159***</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>(0.047)</td>
<td>(0.002)</td>
</tr>
<tr>
<td>Coefficients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is your collective agreement?</td>
<td>0.576*</td>
<td>-0.077</td>
</tr>
<tr>
<td></td>
<td>(0.239)</td>
<td>(0.063)</td>
</tr>
<tr>
<td>Interaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is your collective agreement?</td>
<td>-0.123*</td>
<td>-0.003</td>
</tr>
<tr>
<td></td>
<td>(0.052)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>N</td>
<td>262</td>
<td>375</td>
</tr>
</tbody>
</table>

Table 7. Contribution of CAs to explained and unexplained pay differences

<table>
<thead>
<tr>
<th></th>
<th>Organisation 1</th>
<th>Organisation 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw difference</td>
<td>-35%***</td>
<td>-15%***</td>
</tr>
<tr>
<td>Explained (%), E</td>
<td>-17%*** (49 %)</td>
<td>-3%</td>
</tr>
<tr>
<td>Unexplained (%), U</td>
<td>-18% (51 %)</td>
<td>-11%***</td>
</tr>
<tr>
<td>Contribution of CA to Explained</td>
<td>-16%*** (94 %)</td>
<td>0%</td>
</tr>
<tr>
<td>Contribution of CA to Unexplained</td>
<td>45%* (…)</td>
<td>-8%</td>
</tr>
</tbody>
</table>
CONCLUSION

Undervaluation of work conducted by women has been identified as one of the main causes for the gender pay gap. Nonetheless, undervaluation escapes most of the policy measures targeted at promoting gender pay equity, much of which relies on establishing discrimination. In this article, we have analysed the role of collective agreements in institutionalising and legitimising the undervaluation of women’s work. We see wages as a social practice that is shaped by and reflects institutional, societal and historical contexts. For the analysis, we utilise the concept of institutionalised undervaluation, which captures how the undervaluation of women’s work is embedded in the formal structure of wage formation. Wages in the Finnish local government sector are indeed very likely to be strongly influenced by a variety of institutional factors, such as cultural and gendered valuations, the perceived appropriate wage for different employee groups, bargaining power and the historical development that has led to the current situation of complicated wage determination processes that are likely to entail gender impacts.

Our results show that, although claimed to be otherwise, the wages in the Finnish local government sector are not indeed fully based on job demands and performance on the job. Job demands evaluated in the local government sector are conducted only within job pricing groups (same jobs) and by using a global ranking, which is not a sophisticated tool for assessing job demands and can allow several factors to influence wages. There has been no systematic attempt to harmonise wage determination practices and wages levels across the local government sector, between the collective agreements.

Our further analysis of wage data from the two case organisations shows that collective agreements can indeed contribute to the gender pay gap in the Finnish local government sector as highlighted in the comparison between the General Collective Agreement and Education Sector Collective Agreement in Organisation 1, in which the collective agreement is indeed central to wage determination and contributes to the gender pay gap. This does not, however, necessarily happen in all units, as illustrated in our comparison between the General Collective Agreement and the Technical Sector Collective Agreement in Organisation 2. In this case, collective agreements do not contribute considerably to wage levels of employees. The largest collective agreement, the General Collective Agreement, covers the great majority of all local government sector employees and indeed a variety of different jobs. We interpret this result as meaning that undervaluation of women’s work does not necessarily occur throughout the collective agreement. Rather, it is traceable to certain occupations that are, due to gendered historical development, undervalued and underpaid. Such occupations are, for example, jobs in day care, as demonstrated by our analysis. The undervaluation of these jobs is institutionalised in the wage formation system of the Finnish local government sector.

Using the wage data from case organisations it is not possible to give any kind of firm estimate of the extent to which undervaluation of women’s work occurs in the Finnish local government sector as a whole. We have provided evidence that it indeed occurs in some contexts. In addition, we have provided an example of how the challenging question of undervaluation of women’s work can be studied: by combining qualitative study of wage formation structures and quantitative analysis of wage data with a focus on the role of collective agreements and gender pay equity. Further studies in the area are needed to evaluate more fully the overall situation in the local government sector with regard to gender pay equity. Currently, the complex wage determination processes of the sector retain traces of gendered valuations of occupations, contribute to wage differences between women and men and hide these differences in the bureaucratic
appearance of the process. The undervaluation of women’s work is institutionalised in the structures of the collective agreements of the local government sector.

Our study also has implications for equal pay policy. Among the key features of the Finnish equal pay policy are evaluation-based pay systems and the pay surveys that organisations conduct as a part of the gender equality planning obliged by law (1986/609, 232/2005, 1329/2014). Evaluation-based pay systems are believed to promote equal pay, and pay grades provided by the pay systems are also used as a basis for pay comparisons. The problems with these policies are evident when applying them to the local government sector. The first issue is that job demands across the organisation have not been evaluated, and wages are actually based on a variety of factors. The second challenge is that the pay systems of the local government sector are also impossible to use as a tool for comparing wages across the organisation. Therefore, the institutionalised undervaluation of women’s work remains unaffected by the current equal pay policy.

ACKNOWLEDGEMENTS

The project from which the data for this article is from was funded by the European Social Fund. The project was a part of the Equal Pay Programme of the Finnish government and central labour market organisations. Writing this article was made possible by research grants from The Finnish Work Environment Fund, Marcus Wallenberg Foundation and KAUTE Foundation. We would also like to thank Jeff Hearn and Jill Rubery for valuable comments on this article.

ENDNOTES

The dependent variable is the log of total monthly pay. The explanatory variables of interest are the indicator variable for gender, coded 1 for women and 0 for men, (indicating the wage (dis)premium for women) and the indicator variable for collective agreement (CA). In addition, we are interested in the interaction term of these two: is the effect of CA different for women from what it is for men?

We estimate four models for our two data sets (i.e. two organisations):

1) Gender

2) Gender and collective agreement (CA)

3) Model 2 + Human capital variables (following Mincer (1958; 1974))

4) Model 3 + gender-CA interaction
REFERENCES


Equal Remuneration Convention, ILO C100 (1951).


Local Government Employers website, Access: www.kuntatyontanantajat.fi


Prime Minister Matti Vanhanen’s second government programme 19.4.2007. Prime Minister’s Office, Helsinki, Finland.


### Statistical Appendix

Quantile regression p10, Organisation 1

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ln_wage</td>
<td>ln_wage</td>
<td>ln_wage</td>
<td>ln_wage</td>
</tr>
<tr>
<td>Woman</td>
<td>-0.230***</td>
<td>0.117</td>
<td>-0.037</td>
<td>-0.050</td>
</tr>
<tr>
<td></td>
<td>(0.043)</td>
<td>(0.092)</td>
<td>(0.065)</td>
<td>(0.145)</td>
</tr>
<tr>
<td>Education CA</td>
<td>0.461***</td>
<td>0.495***</td>
<td>0.485**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.080)</td>
<td>(0.072)</td>
<td>(0.148)</td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25–34 years</td>
<td>0.062</td>
<td>0.049</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.267)</td>
<td>(0.271)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35–44 years</td>
<td>0.055</td>
<td>0.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.269)</td>
<td>(0.272)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45–54 years</td>
<td>0.132</td>
<td>0.104</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.267)</td>
<td>(0.270)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 years or more</td>
<td>0.170</td>
<td>0.142</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.272)</td>
<td>(0.276)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (old)</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (new)</td>
<td>0.099</td>
<td>0.099</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.154)</td>
<td>(0.156)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>0.116</td>
<td>0.116</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.125)</td>
<td>(0.126)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-secondary education</td>
<td>0.143</td>
<td>0.143</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.127)</td>
<td>(0.129)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s level education</td>
<td>0.249</td>
<td>0.236</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.127)</td>
<td>(0.129)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master’s level education</td>
<td>0.260</td>
<td>0.208</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.140)</td>
<td>(0.143)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year experience</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 3 years experience</td>
<td>-0.070</td>
<td>-0.057</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.109)</td>
<td>(0.110)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - 5 years experience</td>
<td>-0.276*</td>
<td>-0.043</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.119)</td>
<td>(0.121)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - 10 years experience</td>
<td>-0.089</td>
<td>-0.084</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.108)</td>
<td>(0.109)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 15 years experience</td>
<td>-0.055</td>
<td>-0.071</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.117)</td>
<td>(0.118)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 years or more experience</td>
<td>-0.070</td>
<td>-0.055</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.103)</td>
<td>(0.104)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td>-0.549***</td>
<td>-0.499***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.100)</td>
<td>(0.101)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman_education CA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.054</td>
<td>(0.161)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>7.711***</td>
<td>7.350***</td>
<td>7.326***</td>
<td>7.352***</td>
</tr>
<tr>
<td></td>
<td>(0.037)</td>
<td>(0.098)</td>
<td>(0.287)</td>
<td>(0.322)</td>
</tr>
</tbody>
</table>

N  268.000  268.000  262.000  262.000

*p < 0.05, **p < 0.01, ***p < 0.001
## Quantile regression p90, Organisation 1

<table>
<thead>
<tr>
<th></th>
<th>(1) ln_wage</th>
<th>(2) ln_wage</th>
<th>(3) ln_wage</th>
<th>(4) ln_wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>-0.198***</td>
<td>-0.089</td>
<td>-0.175**</td>
<td>-0.282***</td>
</tr>
<tr>
<td></td>
<td>(0.047)</td>
<td>(0.071)</td>
<td>(0.063)</td>
<td>(0.166)</td>
</tr>
<tr>
<td>Education CA</td>
<td>0.396***</td>
<td>0.269***</td>
<td>0.183</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.062)</td>
<td>(0.069)</td>
<td>(0.169)</td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25–34 years</td>
<td>0.153</td>
<td>0.071</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.258)</td>
<td>(0.311)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35–44 years</td>
<td>0.208</td>
<td>0.097</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.260)</td>
<td>(0.312)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45–54 years</td>
<td>0.116</td>
<td>0.074</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.258)</td>
<td>(0.310)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 years or more</td>
<td>0.181</td>
<td>0.092</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.263)</td>
<td>(0.316)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (old)</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (new)</td>
<td>0.435**</td>
<td>0.435*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.149)</td>
<td>(0.178)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>-0.037</td>
<td>-0.063</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.121)</td>
<td>(0.145)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-secondary education</td>
<td>0.128</td>
<td>0.060</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.123)</td>
<td>(0.148)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor's level education</td>
<td>0.128</td>
<td>0.061</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.122)</td>
<td>(0.148)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master's level education</td>
<td>0.265</td>
<td>0.158</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.135)</td>
<td>(0.164)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year experience</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 3 years experience</td>
<td>0.118</td>
<td>0.154</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.105)</td>
<td>(0.127)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - 5 years experience</td>
<td>0.219</td>
<td>0.191</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.115)</td>
<td>(0.139)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - 10 years experience</td>
<td>0.193</td>
<td>0.084</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.104)</td>
<td>(0.125)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 15 years experience</td>
<td>0.173</td>
<td>0.084</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.113)</td>
<td>(0.135)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 years or more experience</td>
<td>0.118</td>
<td>0.139</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.100)</td>
<td>(0.120)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td>-0.074</td>
<td>-0.093</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.096)</td>
<td>(0.116)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman_education CA</td>
<td>0.256</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.184)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>8.412***</td>
<td>8.031***</td>
<td>7.730***</td>
<td>7.904***</td>
</tr>
<tr>
<td></td>
<td>(0.041)</td>
<td>(0.076)</td>
<td>(0.277)</td>
<td>(0.369)</td>
</tr>
</tbody>
</table>

N: 268,000

* p < 0.05, ** p < 0.01, *** p < 0.001
<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ln_wage</td>
<td>ln_wage</td>
<td>ln_wage</td>
<td>ln_wage</td>
<td>ln_wage</td>
</tr>
<tr>
<td>Woman</td>
<td>-0.014</td>
<td>-0.015</td>
<td>-0.098**</td>
<td>-0.033</td>
</tr>
<tr>
<td></td>
<td>(0.035)</td>
<td>(0.034)</td>
<td>(0.037)</td>
<td>(0.041)</td>
</tr>
<tr>
<td>Technical CA</td>
<td>0.041</td>
<td>0.040</td>
<td>0.094*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.034)</td>
<td>(0.037)</td>
<td>(0.045)</td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25–34 years</td>
<td>-0.146</td>
<td>-0.181</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.254)</td>
<td>(0.209)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35–44 years</td>
<td>-0.156</td>
<td>-0.178</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.255)</td>
<td>(0.210)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45–54 years</td>
<td>-0.120</td>
<td>-0.166</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.254)</td>
<td>(0.210)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55 years or more</td>
<td>-0.026</td>
<td>-0.101</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.256)</td>
<td>(0.211)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (old)</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic education (new)</td>
<td>-0.008</td>
<td>-0.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.234)</td>
<td>(0.193)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>0.107</td>
<td>0.083</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.208)</td>
<td>(0.171)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-secondary education</td>
<td>0.276</td>
<td>0.234</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.207)</td>
<td>(0.171)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor's level education</td>
<td>0.384</td>
<td>0.414*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.210)</td>
<td>(0.173)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master's level education</td>
<td>0.651**</td>
<td>0.674***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.206)</td>
<td>(0.170)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licentiate or PhD</td>
<td>0.790**</td>
<td>0.748***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.270)</td>
<td>(0.222)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year experience</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 3 years experience</td>
<td>0.049</td>
<td>0.042</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.079)</td>
<td>(0.065)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - 5 years experience</td>
<td>0.039</td>
<td>0.058</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.084)</td>
<td>(0.070)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - 10 years experience</td>
<td>0.126</td>
<td>0.138*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.083)</td>
<td>(0.068)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 15 years experience</td>
<td>0.198*</td>
<td>0.211**</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.084)</td>
<td>(0.069)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 years or more experience</td>
<td>0.204*</td>
<td>0.223***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.081)</td>
<td>(0.067)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.)</td>
<td>(.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td>-0.552***</td>
<td>-0.512***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.106)</td>
<td>(0.087)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman_technical CA</td>
<td>-0.138*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.061)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>7.664***</td>
<td>7.645***</td>
<td>7.483***</td>
<td>7.487***</td>
</tr>
<tr>
<td></td>
<td>(0.025)</td>
<td>(0.029)</td>
<td>(0.330)</td>
<td>(0.272)</td>
</tr>
</tbody>
</table>

N = 376,000

*p < 0.05, **p < 0.01, ***p < 0.001
## Quantile regression p90, Organisation 2

<table>
<thead>
<tr>
<th></th>
<th>(1) ln_wage</th>
<th>(2) ln_wage</th>
<th>(3) ln_wage</th>
<th>(4) ln_wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>-0.162***</td>
<td>-0.149**</td>
<td>-0.145***</td>
<td>-0.100*</td>
</tr>
<tr>
<td></td>
<td>(0.046)</td>
<td>(0.047)</td>
<td>(0.037)</td>
<td>(0.050)</td>
</tr>
<tr>
<td>Technical CA</td>
<td>-0.028</td>
<td>-0.038</td>
<td>-0.006</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.047)</td>
<td>(0.036)</td>
<td>(0.055)</td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td>0.000</td>
<td>0.000</td>
<td>(.)</td>
<td>(.)</td>
</tr>
<tr>
<td>25–34 years</td>
<td>0.055</td>
<td>0.065</td>
<td>(0.248)</td>
<td>(0.256)</td>
</tr>
<tr>
<td>35–44 years</td>
<td>0.089</td>
<td>0.098</td>
<td>(0.249)</td>
<td>(0.257)</td>
</tr>
<tr>
<td>45–54 years</td>
<td>0.189</td>
<td>0.186</td>
<td>(0.249)</td>
<td>(0.257)</td>
</tr>
<tr>
<td>55 years or more</td>
<td>0.254</td>
<td>0.245</td>
<td>(0.251)</td>
<td>(0.259)</td>
</tr>
<tr>
<td>Basic education (old)</td>
<td>0.000</td>
<td>0.000</td>
<td>(.)</td>
<td>(.)</td>
</tr>
<tr>
<td>Basic education (new)</td>
<td>0.339</td>
<td>0.321</td>
<td>(0.229)</td>
<td>(0.237)</td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>0.409*</td>
<td>0.413*</td>
<td>(0.203)</td>
<td>(0.210)</td>
</tr>
<tr>
<td>Post-secondary education</td>
<td>0.618**</td>
<td>0.641**</td>
<td>(0.203)</td>
<td>(0.210)</td>
</tr>
<tr>
<td>Bachelor’s level education</td>
<td>0.685***</td>
<td>0.685**</td>
<td>(0.205)</td>
<td>(0.212)</td>
</tr>
<tr>
<td>Master’s level education</td>
<td>0.931***</td>
<td>0.932***</td>
<td>(0.201)</td>
<td>(0.208)</td>
</tr>
<tr>
<td>Licentiate or PhD</td>
<td>0.791**</td>
<td>0.823**</td>
<td>(0.263)</td>
<td>(0.272)</td>
</tr>
<tr>
<td>Less than 1 year experience</td>
<td>0.000</td>
<td>0.000</td>
<td>(.)</td>
<td>(.)</td>
</tr>
<tr>
<td>1 - 3 years experience</td>
<td>-0.090</td>
<td>-0.084</td>
<td>(0.077)</td>
<td>(0.080)</td>
</tr>
<tr>
<td>3 - 5 years experience</td>
<td>-0.102</td>
<td>-0.103</td>
<td>(0.083)</td>
<td>(0.085)</td>
</tr>
<tr>
<td>5 - 10 years experience</td>
<td>-0.063</td>
<td>-0.051</td>
<td>(0.081)</td>
<td>(0.084)</td>
</tr>
<tr>
<td>10 - 15 years experience</td>
<td>0.022</td>
<td>0.028</td>
<td>(0.082)</td>
<td>(0.085)</td>
</tr>
<tr>
<td>15 years or more experience</td>
<td>-0.079</td>
<td>-0.061</td>
<td>(0.079)</td>
<td>(0.082)</td>
</tr>
<tr>
<td>Full time</td>
<td>0.000</td>
<td>0.000</td>
<td>(.)</td>
<td>(.)</td>
</tr>
<tr>
<td>Part time</td>
<td>-0.367***</td>
<td>-0.386***</td>
<td>(0.103)</td>
<td>(0.107)</td>
</tr>
<tr>
<td>Woman_technical CA</td>
<td>-0.055</td>
<td></td>
<td>(0.075)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>8.480***</td>
<td>8.480***</td>
<td>7.566***</td>
<td>7.525***</td>
</tr>
<tr>
<td></td>
<td>(0.034)</td>
<td>(0.039)</td>
<td>(0.322)</td>
<td>(0.334)</td>
</tr>
</tbody>
</table>

| N                        | 376.000     | 376.000     | 375.000     | 375.000     |

*p < 0.05, **p < 0.01, ***p < 0.001*
INTERTWINING GENDER INEQUALITIES AND GENDER-NEUTRAL LEGITIMACY IN JOB EVALUATION AND PERFORMANCE-RELATED PAY

Paula Koskinen Sandberg

Forthcoming in Gender, Work & Organization

Abstract: This article analyses the intertwining inequalities in wage determination and the gender-neutral legitimacy that pay systems provide by masking these inequalities. Job evaluation and performance-related pay were originally designed for purposes other than promoting equal pay, namely as managerial tools for determining wage levels. Typically, the main objective of a pay system is not to promote equal pay. Still, as a tool for assessing the value of work, job evaluation is regarded a central method in promoting equal pay. The use of job evaluation is recommended by the European Commission and the International Labour Organisation, as well as often in gender equality policy and legislation. Contrasting with the status of job evaluation, little research exists on performance-related pay and gender pay equity. The findings show that wages determined with the pay systems reflect gendered cultural valuations of jobs and occupations. The pay systems provide gender-neutral legitimacy for gender-based wage disparities.

Key Words: Equal pay, Job evaluation, Performance-related pay, Gender-neutral legitimacy, Intertwining inequalities

INTRODUCTION

This article aims to contribute to the understanding and conceptualisation of how different sources of gender inequality are intertwining in wage determination systems. Here, ‘intertwining inequalities’ is used to refer to several kinds of complex structures, processes and practices that are mutually reinforcing in producing and reproducing gender inequality in wage determination. Pay systems can provide unwarranted gender-neutral legitimacy for these intertwining inequalities by making these appear legitimate. The article builds on earlier scholarship and further develops ideas from several authors (e.g., Acker, 1989, 1990, 1992, Figart et al., 2002) on how wage determination systems are gendered, how the intertwining gender inequalities are manifested in the application of these systems, and what the implications for wage outcomes are. In this article, wages are understood as based on cultural understandings of appropriate levels of wage for certain jobs and employee groups (Figart et al., 2002). These understandings are deeply rooted in the societal value systems. Accordingly, wages are seen as shaping and reflecting gender, class, race and ethnicity.

Equal pay is often viewed as a fundamental marker of gender equality. There is extensive literature on the gender pay gap as an outcome in both academic and policy literature (e.g., Blau and Kahn, 2001, 2007; Arulampalam et al., 2007, Vartiainen, 2001). However, very little research has examined gendered processes in the implementation of pay systems (Acker, 1986) at the organisational level. This article has three aims: first, to demonstrate that the way in which job evaluation and performance-related pay are used at the organisational level does not always support equal pay objectives; second, to present examples and analyses of the practices in organisations that produce, reproduce and hide gender-based disparities in pay; and third, conceptualise how gender inequalities intertwine in pay systems and how these intertwining inequalities are
masked with an unwarranted gender-neutral legitimacy provided by the pay systems. The organisations studied in this article are 18 Finnish organisations from different sectors: seven SMEs, three government organisations, five municipal organisations, and three church organisations.

Structure of the article
In this article, the intertwining gender inequalities and gender-neutral legitimacy in pay systems will be analysed. The research questions addressed are:

RQ1: How do evaluation-based pay systems promote equal pay in their objectives, design and implementation?

RQ2: How and through which mechanisms are gender inequalities intertwined in pay systems?

These questions will be answered using rich data from the research-assisted development project *Gender equality into pay systems – The effectiveness of job, competence and performance evaluation in Finland* (Ikävalko et al., 2011). The project was a part of the tripartite Equal Pay Programme (Ministry of Social Affairs and Health, 2007). In terms of its sector-wide coverage, this kind of project, as well as the data derived from it, is unique in Finland, and rare elsewhere. This article uses qualitative data and qualitative research methods. What is particularly interesting about these data is that in addition to the data collection, the research team conducted development work using participatory methods with the organisations studied over three years. This offered an accumulation of information about the organisational practices and dynamics of wage determination that result in different levels of pay for men and women.

CONCEPTUALISING MECHANISMS OF GENDER INEQUALITY IN WAGE DETERMINATION

The theoretical framework of this article is based on sociological conceptualisations of wages and wage determination practices. It highlights two key concepts: intertwining gender inequalities and gender-neutral legitimacy. The aim is to offer an in-depth understanding of intertwining gender inequalities in wage determination practices, the dynamics behind these practices, and how these are made invisible by the bureaucratic, neutral appearance of the pay systems.

Intertwining gender inequalities in wage determination

By intertwining inequalities, I refer to how the different sources of gender inequalities, undervaluation and cultural understandings of appropriate wage levels for work conducted by men and women become intertwined with the formal wage determination processes and practices, distorting the outcomes and retaining gender differentials in wages paid. Sources of inequalities include a variety of mutually reinforcing mechanisms, such as gender segregation, cultural gendered valuations attached to jobs, discrimination and favouritism, market rates, collective bargaining and other negotiated wage outcomes that reflect power relations.

The conceptualisation used in this article builds on earlier scholarship. Acker uses concepts of gendered processes and gendered practices to explain how structures of subordination are maintained and reproduced. Gender can be defined as “patterned, socially produced distinctions between female and male, feminine and masculine” (Acker 1992, p. 250). As patterned differences, gender often implies the subordination of women, either concretely or symbolically. Acker sees organisational practices, such as
job evaluation, as central in producing and retaining these gendered divisions. Job evaluation is supposed to evaluate the demands of the job, not the person performing the task. In practice, assumptions are often made on the appropriate gender of the person performing the job, and this can affect how a certain job is viewed (Acker, 1992).

Figart et al. (2002) conceptualise wages as serving three different functions: wages as a price, wages as a living, and wages as a social practice. Wages serve all three functions simultaneously; they are a price for conducted work, supposed to provide a living for the worker and based on societal understandings of the relative worth of the work conducted. All of the three functions have gender implications and reflect societal understandings of the role of men and women, thus the appropriate wage paid for different jobs and occupations. Wages shape and reflect gender, class, race and ethnicity. The understanding of appropriate wage levels for men and women is deeply rooted in societal value systems, thus also embedded in formal wage determination practices.

A related concept that captures the intertwining gender inequalities in formal wage determination practices is institutionalised undervaluation (Koskinen Sandberg and Kohvakka, 2015). Institutionalised undervaluation refers to how the undervaluation of women’s work is embedded in the formal structure of wage determination, such as collective agreements. Institutionalised undervaluation originates in the gendered understandings of appropriate wage for work conducted by men and women, that is, wages as a social practice. However, it has become a part of the formal structure and the gendered nature of the structure often remains invisible and unrecognised. This is clear in the case we refer to, namely the Finnish local government sector, in which the wage relativities between different jobs conducted in the sector are institutionalised in the five major collective agreements of the sector. In Finland, as elsewhere, much of low paid feminised reproductive work is conducted in that sector.

**Gender-neutral legitimacy**

The concept of silence refers to how knowledge on a certain topic is constructed by either being silent about the topic or by leaving aside central aspects related to the phenomenon (e.g., Tuori, 2014, Ward and Winstanley, 2003). Korvajärvi (2011) describes gender-neutrality as silence around gender issues in organisations. This silence is connected to the belief that gender equality has already been achieved. Korvajärvi describes the phenomenon of a culture of simultaneous acceptance and denial of the significance of gender at work. There is tension between the silent agreement on gender equality and the everyday practices of organisations. Patterned differences, even when visible, are often treated as the result of individual choices made by men and women and thus nothing to be interfered with.

Gender-neutrality hides the underlying gendered valuations that are present in job classifications and the hierarchy (re)produced by job evaluation. Pay systems can be seen as an integral part of the gender-neutral approach. These systems have gender impacts, but those impacts are hidden in the bureaucratic appearance of the pay system documents, as well as made invisible by the general “fair treatment” approach. One of the main functions of a pay system is to produce a credible hierarchy. I conceptualise the neutral-appearing wage determination systems as offering an unwarranted gender-neutral legitimacy. Gender-neutral legitimacy refers to how the pay systems make unequal gendered wage determination practices seem legitimate.
PREVIOUS RESEARCH

Gender pay gap
Gender pay equity has been at the centre of gender equality policies for decades. Given the amount of attention paid to the question of gender pay equity, policy outcomes have been surprisingly modest. In Finland, the aggregate gender pay gap has remained rather constant at approximately 20 per cent (currently 17%) since the 1980s (Official Statistics of Finland, 2015). Much research has been conducted on the gender pay gap, both internationally (e.g., Blau and Kahn, 2001, 2007; Arulampalan et al., 2007) and nationally (e.g., Ministry of Social Affairs and Health, 2008; Vartiainen, 2001). Much of the literature is statistical in form and has the aim of trying to decompose (e.g., Oaxaca, 1973) the gender pay gap in order to isolate what proportion can be explained with certain variables, such as educational background, and what constitutes discrimination.

While dominant in the research literature, this approach has received criticism (e.g., Rubery et al., 2005; Grimshaw and Rubery, 2002) because in practice it is difficult to distinguish the effects of the wage structure and/or unobserved personal and job characteristics from direct wage discrimination. This explained part of the gender pay gap is also likely to reflect discriminatory social norms or indirect discrimination related to education and occupational choice (EC, 2001). Undervaluation of women's work has been identified as one of the major causes for the gender pay gap. Although it is practically impossible to measure the extent of undervaluation of women's work, a substantial body of research supports the notion that such undervaluation exists (e.g., England 1992, Grimshaw and Rubery, 2007, Koskinen Sandberg and Kohvakka, 2015).

An illustrative example of an alternative understanding of the dynamics behind the gender pay gap can be found in Australian equal remuneration case that was initiated by the Australian Services Union to Fair Work Australia in order to grant equal pay to a female-dominated group in the social and community services sector (Austen et al., 2013). In the case, two analyses on the possible gender pay gap were conducted by two expert teams, obtaining very different results. The reasons for the differences were the underlying assumptions of the two theoretical approaches used by the economists in the case; the orthodox approach, which is the commonly used decomposition technique, and the institutional approach that emphasises cultural, historical, and relational contexts fundamental to wage determination. In this case, gender-based historical undervaluation was successfully demonstrated in the social and community services sector (Austen et al., 2013).

Equal value as policy
In North America, the attempt to achieve pay equity through the use of job evaluation has been called the ‘comparable worth’ strategy (e.g., Acker, 1989; England, 1992), whereas in European and other contexts the term used is ‘equal value’. Large projects were conducted in the 1970s and 1980s that aimed at narrowing the gender pay gap through the strategy of equal value. Probably the most famous and well documented is the case of the State of Oregon, which Acker (1989) has described in detail. There, the attempt to implement equal value within the state employer failed in many aspects due to the conflicting interests of different stakeholders, such as employers, unions, feminists, and pay system consultants.

Inspired by the examples from North America, a similar approach was attempted in Finland in the early 1990s when a tripartite Job Evaluation Committee was assigned to develop a job evaluation method for the promotion of equal pay (Vuorinen et al., 1993). As in the case of Oregon, the Finnish case also proved to be difficult: the social partners...
had conflicting interests, and the method developed received criticism and was never implemented. The Job Evaluation Committee ended up recommending the use of different job evaluation systems for different sectors instead of a shared job evaluation system for the entire labour market.

While the concept of work of equal value is considered central in measures taken for promoting equal pay, there are few detailed instructions of what work of equal value means in practice, and what the tools to be used when implementing it are. The ILO (e.g., 2008) recommends the following criteria: qualifications, responsibility, effort, and working conditions, but does not specify how these factors should be assessed, leaving the details for implementation for each member state to decide upon (ILO Convention No 100). The recent recommendation by the European Commission (EC, 2014) states that member states should clarify the meaning of “work of equal value” in their national legislation and use objective criteria, such as educational, professional and training requirements, skills, effort and responsibility, work undertaken and the nature of tasks involved, in assessing the value of work (EC, 2014). Since there is no shared obligatory international framework for promoting gender pay equity, different countries have implemented different measures in order to achieve gender pay equity.

**Job evaluation and equal pay**
Job evaluation has been regarded as a central method in determining work of equal value and one of the most important methods for promoting equal pay. There have been high expectations for job evaluation to make the undervaluation of women’s work visible. The use of job evaluation in the promotion of equal pay has been widely debated. Job evaluation is linked to both gender biases in wage determination when the job evaluation system is discriminatory against women’s work and the possibility of detecting the undervaluation of women’s work through the use of a non-biased job evaluation system. The potential of job evaluation in promoting pay equity is supported by the finding that when jobs within an organisation are evaluated with the same job evaluation system, female-dominated jobs are usually found to be undervalued (England, 1992).

The launch of job evaluation precedes its link to comparable worth and gender pay equity by decades (England, 1992). Originally, job evaluation was developed as a managerial tool for determining wage levels (i.e., base pay) within the organisation, establishing the relativities or hierarchy of jobs and supporting the goals of the organisation. Performance appraisal systems and performance-related pay are designed to reward good performance in a given job or task. Together these are meant, according to managerial framings, to encourage employees to take on more demanding tasks and perform well. Doing so will result in more pay for the individual employee. Compensation practices have been studied extensively (e.g. Gerhart and Rynes, 2003, Heneman, 2003).

**Performance-related pay and equal pay**
In equal pay policy, the emphasis has been on job evaluation. Given that performance-related pay is widely used in organisations and that appraising performance is a widespread HRM practice, surprisingly little research has been carried out on the relationship between performance-related pay and gender pay equity. In Finnish equal pay policy, it is assumed that the evaluation-based pay systems promote equal pay and wide coverage of the so called “new pay systems” is one of the main objectives in equal pay policy (e.g., Ministry of Social Affairs and Health, 2007, 2016).

Performance-related pay challenges the traditional tools for promoting equal pay, such as job evaluation. The move away from job-based pay to individualised, performance-related wages makes it more difficult to evaluate what exactly constitutes equal pay.
Rubery (1995) found that performance-related pay often is linked with an increased level of discretion in pay determination and a lack of a clear relationship between earnings and job grade. Performance-related pay might reduce transparency in pay procedures and therefore hide discriminatory practices. Practices in appraising performance might reflect male norms: for example, long working hours (e.g., Rubery, 1995; Dickens, 1998). Performance-related pay is often manipulated in order to be able to pay market rates to certain employee groups. Letting market valuation affect the appraisal outcomes often implies some sort of biased end-result. She anticipates that performance-related pay is likely to benefit women in the upper echelons of organisations while lower grade workers do not benefit to the same degree (see also Lilja and Asplund, 2010).

Salimäki and Jämsén (2009) state that performance appraisals can facilitate different forms of bias in appraisal results. Instead of simply appraising performance, supervisors take several factors into account when conducting the appraisals, such as pay budget, group dynamic, motivating individuals and encouraging future performance. Maaniemi (2013) found several challenges and limitations in the application of performance-related pay: unclear appraisal criteria and scale, personal relationship between employee and supervisor, limited knowledge of performance, and the lack of a link between appraisal result and pay. She found that there is often a gap between the intended performance appraisal system (formal structures and rules) and the realised system (realised rules) (Maaniemi, 2013).

THE FINNISH CONTEXT

While Finland is one of the relatively gender-equal Nordic countries (e.g., World Economic Forum 2015) with a highly educated female workforce active in the labour market, the Finnish labour market still has structural challenges, notably strong gender segregation and a relatively large gender pay gap. In Finland, the average income of women is 83 per cent of the average income of men (Official Statistics of Finland, 2015). The gender pay gap has proved to be persistent. The main characteristics of gender-based differences in pay in Finland are considered to be the unusually strong horizontal segregations of the Finnish labour market combined with the lesser appreciation and valuing of professions and fields that are typically occupied by women (e.g., Ministry of Social Affairs and Health, 2008). There is also strong vertical segregation within organizations which contributes gender pay differences.

International standards (e.g., 2006/54/EC, ILO Convention 100, 1951) have had a strong influence on the equal pay policies in Finland. In 1962, Finland ratified the ILO Equal Remuneration Convention. Separate pay scales for men and women, which were a common practice at the time, disappeared in the following years, and the gender pay gap became smaller, but it did not disappear. Often, the separate pay scales for men and women were replaced by a single pay scale with more wage levels. Within the new systems, women were often placed at lower wage levels, thus maintaining the gender hierarchy (Nummijärvi, 2004).

In the Finnish national legislation, the central equality law is the Act on Equality between Women and Men. This was enacted in 1986, reformed in 1995, 2005 and 2014. Employers are obliged to conduct gender equality planning and pay surveys regularly. In the reformed Finnish gender equality legislation, there is a recommendation to conduct pay comparisons within pay grades or job titles or within other suitable groups (Act on Equality between Women and Men, 1986/609, 232/2005, 1329/2014, Saari, 2015, Koskinen Sandberg, 2016).
From the late 1980s onwards, pay systems have been restructured in Finland throughout the labour market. Today, job evaluation and performance-related pay are widely used. Typically, evaluation-based pay systems used in Finland consist of two components: a job-based component based on job evaluation and performance-related pay component based on an appraisal of an individual employee’s performance. These two components constitute the monthly basic pay. The amount of performance-related pay varies, but it can be up to 50 per cent of the job-based component in some Finnish government sector organisations. An estimate by the central labour organisations in 2008 was that 75 per cent of Finnish employees are covered by evaluation-based pay systems (Lilja and Asplund 2010.)

RESEARCH METHODS AND DATA

The analysis conducted in this article follows the logic and principles of the feminist institutional approaches (e.g., Austen et al. 2013, Mackay et al., 2010, Freidenvall and Krook, 2011). According to these approaches, in order to understand the nature of wages and the gender pay gap, it is crucial to understand the historical and institutional contexts that have shaped the wages currently paid in different jobs and industries (Figart et al., 2002). The main research method used in this article is qualitative content analysis (e.g., Schreier, 2014, Shieh and Shannon, 2005) combined with analysis of observations and experiences from the development process.

The data used in the analysis were gathered in a research-assisted development project Gender equality into pay systems – The effectiveness of job, competence and performance evaluation in Finland (Ikävalko et al., 2011). The goal of the project was to produce information on how to promote gender pay equity and on how to increase the level of justice and incentives in pay systems. The organisations studied are 18 Finnish organisations from different sectors: seven SMEs, three government organisations, five municipal organisations, and three church organisations. The analysis focuses on the intertwining gender inequalities and gender-neutral legitimacy in pay systems.

In the initial stage of the project, a baseline study (survey, wage analysis, interviews, document analysis, and kick-off workshop) was conducted in order to investigate the current state of gender pay equity and the wage determination processes of each organisation. Based on the results, a suitable development project was agreed upon with each participant. The development process was organised through workshops in each organisation, in which, for example, job evaluation criteria, performance appraisal criteria or pay policy guidelines were worked on. The researchers had two roles in the project: supporting the development process of the organisations studied and conducting empirical research. The work conducted by the participants and the notes made by the research team are both documented for each workshop. When approaching the final stages of the project, all data collected during the project were summarised and thematic datasets were constructed: for example, job evaluation criteria from all organisations were collected and analysed.

This article draws on the following data:

1) Pay System Documents: Each of the participating organisations delivered documentation on their pay system (if applicable).

2) Baseline research result: With each of the 18 participating organisations, a baseline study was conducted in order to obtain a picture of the current state of the organisation regarding gender pay equity and wage determination. This included interviews (N=122),
an analysis of wage data (N=7200), a survey (N=3233), a document analysis and a kick-off workshop.

3) Observations and experiences from development process: During the three years of the project, the author as a part of the research team had a unique chance to make observations on each participating organisation. The development work and observations on it were documented for each workshop and summarised into a more manageable format for research purposes.

While the most interesting case would have been to build new job evaluation systems, only one organisation decided to do that. There are several reasons for this: designing and implementing a new job evaluation system is a large project, not something that is necessarily realistic within a research project. Within the Finnish system, pay systems are often part of the collective agreement of a certain sector and organisations are not necessarily free to embark upon a renewal of their pay system. Therefore, it was the objective of the project to find ways to promote gender pay equity through several means. The scope of the project was job evaluation, performance-related pay and their implementation. Bonuses, group-based rewards, and other additional reward or incentive schemes were not part of the project.

RESULTS

One of the most striking findings from the empirical research conducted in the project was that the organisations studied did not use their pay systems carefully and often failed to follow their formal pay procedures. The research team planned the collaboration with organisations studied based on the assumption that formal wage determination tools and evaluation criteria would be the most relevant topics to study. However, after working with the organisations studied, we realised that formal wage determination practices often are not carefully followed and that actual wages are based on several other factors. In addition to the formal pay system, there is a variety of other factors that influence wage outcomes.

In this section, the aim is to describe and analyse how different sources of gender inequality are intertwined in wage determination practices and how these inequalities manifest themselves in wage determination processes and practices despite the formal pay systems and evaluation criteria. The argument is that wages are typically based on the shared understanding of the appropriate wage for a certain job. Despite appearances, the wages paid are typically not the result of careful assessment of job demands and performance on the job. Instead, a variety of other practices that produce gender inequality take place in wage determination. That said, organisations do have pay systems, and they often allocate job evaluation and performance appraisal points in order to make the wage paid seem justified, a fact that disguises the underlying gendered aspects of wage determination and offers unwarranted legitimacy for wages paid. These issues are further elaborated next, with examples to demonstrate what this means in practice.

Organisations and pay systems: overview

The aim here is to provide a short overview of the organisations studied. The pay systems in use in the organisations were diverse. The research team obtained documentation on 21 different pay systems, with a variety of structural features and criteria being used. Some organisations did not have a documented pay system, while others had several. Some had a job evaluation system but did not use a performance appraisal system. Information about the percentage of women in the personnel, as well as the unadjusted
gender pay gap (if information was available), is included in Table 1 in order to further describe the organisations and their differences. Based on the European Social Fund’s rules, the companies that participated were small to medium size, many of them small. Due to this, quantitative data, such as survey data and wage data, were not gathered from these small businesses.

Table 1. The pay systems, percentage of women in personnel and the unadjusted gender pay gap in organisations studied

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Number of base pay systems</th>
<th>Job evaluation</th>
<th>Performance Appraisal</th>
<th>Average gender pay gap %</th>
<th>% of women in personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government 1</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>23.2</td>
<td>52</td>
</tr>
<tr>
<td>Government 2</td>
<td>4</td>
<td>Yes</td>
<td>Yes</td>
<td>30.6</td>
<td>35</td>
</tr>
<tr>
<td>Government 3</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Municipality 1</td>
<td>3</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
<td>60</td>
</tr>
<tr>
<td>Municipality 2</td>
<td>3</td>
<td>Yes</td>
<td>Yes</td>
<td>21.7</td>
<td>74</td>
</tr>
<tr>
<td>Municipality 3</td>
<td>2</td>
<td>Yes</td>
<td>Yes</td>
<td>32.3</td>
<td>98</td>
</tr>
<tr>
<td>Municipality 4</td>
<td>2</td>
<td>Yes</td>
<td>Yes</td>
<td>10.9</td>
<td>49</td>
</tr>
<tr>
<td>Municipality 5</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Church 1</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>16.7</td>
<td>66</td>
</tr>
<tr>
<td>Church 2</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>17.7</td>
<td>49</td>
</tr>
<tr>
<td>Company 1</td>
<td>0</td>
<td>No</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Company 2</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Company 3</td>
<td>2</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Company 4</td>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Company 5</td>
<td>3</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
<td>3</td>
</tr>
<tr>
<td>Company 6</td>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Company 7</td>
<td>0</td>
<td>No</td>
<td>No</td>
<td>38.6</td>
<td>65</td>
</tr>
</tbody>
</table>

Objectives of the pay systems

It is interesting that while all 18 organisations agreed to participate in a project that was explicitly about equal pay, and those exact words were stated in the name of the project, many of them thought that they did not have any problems in this area, and that in their organisation men and women received equal pay. Instead, they wanted to develop their pay systems, increase incentives and promote “fair treatment” in pay procedures, including gender equality. This well exemplifies the silence around gender issues and avoidance of presenting gender as conflicting in Finnish organisations. Among the participating organisations there was a strong belief that fair treatment and gender equality are actually the same thing. Gender equality, then, is not understood as demanding any specific attention or measures.

Of the 18 organisations, only seven provided documents that clearly state the principles of pay and objectives of the pay system (Table 2). Many documents on pay systems say nothing about the objectives of the system, although they describe the process of wage determination. Objectives such as fair treatment, support for leadership, encouraging and motivating personnel were often mentioned:
“To enhance results-oriented action and to support leadership. This requires encouraging, flexible and fair pay. 1) To pay equally for jobs of equal demands, 2) To encourage the taking on of more demanding tasks, 3) Fair and equal treatment” (Government 1)

“The aims are: 1) to motivate and commit personnel, 2) fairness, 3) to ensure a sufficient number of skilled personnel, 4) to increase the company’s profit” (Company 2)

Equal pay for men and women was mentioned as the goal of pay policy in two cases. It was not the main goal but mentioned along with rewarding, incentives and fair treatment. In many cases on which the word equal was used it was not specified to mean gender-equal:

“The aim of the Church pay system is fair wage determination and competitive levels of wages. This can be achieved through a wage determining process that is open, transparent, objective, flexible, and equal.” (Church 1 and Church 3)

“The aim of job evaluation is that the base pay of jobs that belong to the same pay group is organised as a ranking of the job demands of each job, within the administrative area. Jobs belonging to different pay groups are usually not compared. The organisation currently uses global rankings, which means that the ranking of jobs is conducted based on job descriptions without a scoring system.” (Municipality 4, general collective agreement)

The example above highlights the complicated nature of wage determination in the Finnish municipal sector. Job evaluation is only conducted as global ranking and even that is only conducted in a narrow area, among similar jobs.

**Features of pay systems in the organisations studied**

The recommendations for promoting equal pay state that job evaluation should be analytical, that is, a point-factor scheme, meaning that the demands of the job should be evaluated with specific criteria within specific factors, using a detailed job description as basis for evaluation. In reality, global ranking is still commonly used, and analytical job evaluation often is not strictly analytical. Therefore, job pay is not strictly based on job demands. When the pay is not strictly based on job demands, cultural gendered valuations affect wage outcomes and different sources of gender inequality intertwine with wage determination practices.
Table 2. Type of pay systems in the organisations studied

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Type of job evaluation</th>
<th>Type of performance-related pay</th>
<th>Clearly stated objectives for pay policy</th>
<th>Equal pay an objective of pay policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government 1</td>
<td>3</td>
<td>2</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Government 2</td>
<td>3 and 4</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Government 3</td>
<td>3</td>
<td>2</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Municipality 1</td>
<td>2 and 4</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Municipality 2</td>
<td>2 and 4</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Municipality 3</td>
<td>2 and 4</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Municipality 4</td>
<td>2 and 4</td>
<td>2</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Municipality 5</td>
<td>3</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Church 1</td>
<td>3</td>
<td>2</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Church 2</td>
<td>1</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Church 3</td>
<td>3</td>
<td>2</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Company 1</td>
<td>-</td>
<td>-</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Company 2</td>
<td>2</td>
<td>2</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Company 3</td>
<td>3</td>
<td>-</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Company 4</td>
<td>3</td>
<td>-</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Company 5</td>
<td>3</td>
<td>2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Company 6</td>
<td>3</td>
<td>-</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Company 7</td>
<td>-</td>
<td>-</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

The features of the pay systems used in each organisation are presented in Table 2. The objective is to classify the job evaluations systems as they are realised in the organisational context, not only as they formally are. This is to highlight how the gendered valuations of jobs and occupation find their way into wage determination practices, even when they are not present in the formal pay system. Formal wage determination systems might be very different from what is actually done when deciding on wages.

Based on the information obtained during the project, such as pay system documents and information on how these are applied, job evaluation systems are classified as: 1) analytical job evaluation, 2) global ranking, 3) mixed system that had features of both analytical evaluation and global ranking and 4) several base pay systems used within organisation. An example of a mixed system is one on which an analytical job evaluation system exists but is applied based on job titles and hierarchy, which in turn are based upon cultural valuations rather than evaluated job demands. The pay systems of an organisation can belong to several categories: for example, there can be several job evaluation systems which are either mixed systems or global rankings. Systems marked as analytical job evaluation fulfil the criteria that all jobs are evaluated with the same, analytical evaluation system. A similar approach is used for classifying performance appraisal systems. They are marked as not strictly based on performance if, for example, the appraisal is not properly conducted because there is no budget for pay increases, if
the employer manipulates the system in order to achieve the desired end-result or if different employee groups have different criteria for receiving performance-related pay.

**Intertwining gender inequalities in job evaluation**

Different sources of gender inequality intertwined with the wage determination practices of the organisations studied, and there were several gaps between the formal pay systems and the job evaluation systems that are realised (Table 3). Even if there were no discriminatory elements in the formal pay systems, they were found in the actual, realised pay systems and compensation practices. The realised pay system well exemplifies how the gender cultural valuations intertwine with formal wage determination. Much of the research and policy on work of equal value assumes that the pay systems are used precisely as they are set out on paper. In many cases, this is not what really takes place in the everyday life of organisations: that which is written in an HRM document is not what is actually done in practice. Much of the research on job evaluation in relation to gender pay equity has been concerned with whether the job evaluation system is biased. While this is important, it is not possible to tell whether there is a bias just by looking at the formal pay systems. There is a real organisational context in which it is implemented, and that context, to a great extent, determines the equal pay outcomes of the pay system.

**Table 3. Job evaluation, formal vs. realised pay system**

<table>
<thead>
<tr>
<th>Formal Job Evaluation System</th>
<th>Realised Job Evaluation System</th>
</tr>
</thead>
</table>
| Job pay is based on job demands, evaluated with formal criteria | • Gendered valuations of occupations affect evaluation results  
• Manipulation in order to achieve desired end-result  
• Pre-existing wages and hierarchy affect evaluation results  
• Market rates affect evaluation results  
• Budget restrictions affect evaluation results  
• Different pay systems for different employee groups |

The main finding of the analysis was that while almost all organisations claimed to use job evaluation, in most cases analytical job evaluation was not actually conducted. In most cases, the organisations ended up paying wages that “seemed appropriate” given the type of work and employee: that is, the decisions were based on a shared cultural understanding of the appropriate wage for a given job, and gender inequalities were intertwined with wage determination practices. Even if the evaluation was not actually carefully conducted, job evaluation points were allocated. This made it seem as if differences in how the jobs of men and women were distributed in pay grades was based on differences in job demands. Such grading legitimised gender-based differences in pay by making the differences seem justified. I call this unwarranted *gender-neutral legitimacy*. 
In only one case was job evaluation classified as analytical (Church 2). While it is not certain if even in this organisation job evaluation was conducted strictly “by the book”, no clear evidence to the contrary was found. This was a case in which the pay systems had recently been totally renewed with the assistance of consultants. In the rest of the organisations, there were other factors that influenced job evaluation results: a hierarchy of job titles that had preceded the launch of pay system (e.g. Church 1 and 3, Government 1, 2 and 3, Municipality 2); budget restrictions that are typical for public sector organisations; and manipulation of the pay systems in order to achieve the desired end-result (e.g. Municipality 5, Government 1). It was common to have several job evaluation systems within one organisation (Government 2 and 3, Municipalities 1, 2, 3, 4, Company 5). In these cases, the pay was not based solely on job demands but also different collective agreements and the use of different pay systems, typically resulting in different wage levels.

The Finnish local government sector uses five major collective agreements for different employee groups. According to an earlier analysis on two of the local government sector organisations also analysed in this article, the collective agreements contributed to the gender pay gap in these organisations when controlling for age, experience and level of education. Being covered by the largest, female-dominated collective agreement had a clear negative effect on wage outcomes. Our interpretation was that the collective agreements institutionalised the undervaluation of women’s work in the formal wage determination system in the Finnish local government sector (Koskinen Sandberg and Kohvakka, 2015). This is one aspect of the different sources in gender inequality that intertwine in wage determination.

Among the organisations studied there was a case in which the pay system had been manipulated in order to be able to hire ICT personnel who would not have worked for the organisation for the wage level typical for that organisation (Government 3). Although this situation was represented as not having anything to do with gender but rather with a shortage of ICT personnel, the result was that the organisation ended up paying higher wages for this group of male employees within what was a female-dominated workplace. The way that this was done in practice was by allocating the ICT personnel a higher pay grade in order to be able to pay market rates. This then makes the wage level seem justified, an example of unwarranted, gender-neutral legitimacy.

Another example of intertwining gender inequality in job evaluation is a military organisation in which there were four groups of employees with different educational backgrounds, different collective agreements, different pay systems, and different levels of pay. The example given here is an organisation with a strict gendered hierarchy (Government 2). Men with military credentials were at the top of the hierarchy while most of the women, even those with university degrees, were at the bottom. An HR specialist from this organisation told the researchers that she had done an experiment and evaluated her own job within the pay system of management. The result was that her job was worth considerably more than when evaluated within the system through which her job is currently evaluated.

In the project, Company 7, together with the research team, designed a new job evaluation system. This company had three employee groups: core professionals, experts, and assistants. For the most part, the different personnel groups all had an academic education, though from different fields. Core professionals represented the core business of the company while the assistants’ work supported the work of the core professionals and the work of the experts. The assistants were mostly female; the core professionals and experts were both men and women.
Before the project, this company did not use job evaluation. The development of the job evaluation system was conducted step by step, deriving the criteria from the work that was conducted in the organisation. The work progressed well until the point where the job descriptions for different employee groups had been evaluated with the newly developed job evaluation system, and the system was to be tested. In the meeting in which the new job evaluation system was tested and the results were reflected on, it became clear that the current organisational hierarchy of the company affected the way in which jobs were viewed and valued. In the meeting, negotiations between the management and different employee groups on appropriate job evaluation points for different jobs took place, and the hierarchy between the three employee groups was retained. This case exemplifies the persistence of gendered hierarchies in the enactment and development of organisational pay systems themselves, by revealing how the cultural valuations find their way into the newly developed pay system.

**Intertwining gender inequalities in performance-related pay**

Performance-related pay was often affected by factors other than performance on the job, and different sources on inequality intertwined with wage determination (see Table 4). As stated before, appraisal of performance allows for a significant amount of discretion. In situations where it was not possible to change the job grade, performance-related pay was often manipulated in order to achieve the level of pay desired: that is, market rates and not rates produced by the pay system (e.g., Government 3, Municipality 2). Both job evaluation and performance-related pay were sometimes manipulated and used for purposes other than measuring job demands and rewarding good performance. In the public sector in particular, there were often budget restrictions that prevented the rewarding of good performance and bureaucratic rules that allowed each unit to allocate a specific amount of performance “points” that resulted in pay rises (Government 3, Municipalities). There were cases where a limited number of employees received merit pay based on the supervisor’s decision (e.g., Church 1 and 3).

**Table 4. Performance-related pay, formal vs. realised pay system**

<table>
<thead>
<tr>
<th>Formally Performance-Related Pay System</th>
<th>Realised Performance-Related Pay System</th>
</tr>
</thead>
</table>
| Performance-related pay is based on performance on the job, evaluated with formal criteria | • Used as a mechanism to allocate pay rises, even when not based on performance  
• Performance-related pay is not responsive to changes in performance  
• Budget restrictions, artificially lowered appraisal results  
• Since it is counted as percentages of base pay, performance-related pay is also impacted upon by job grade, not just performance. |

The general principle is that performance-related pay should be based on performance on the job and is usually a certain percentage of a person’s base pay, which is in turn determined by job evaluation. In our case, an organisation’s performance-related pay could be up to 50 per cent of job pay (Church 2). As such, it is a significant part of wage determination. The even distribution of performance appraisal results is often monitored by the organisations’ HR department more carefully than the distribution of job evaluation results. Different units’ average pay grades can have distinctive profiles since
the units have different functions. Vast differences in performance appraisal results are less likely to occur.

From the perspective of equal pay, this was still not unproblematic. Because their jobs were evaluated as being more demanding, men tended to have higher job pay. This was true in all the organisations studied. When performance-related pay was counted as a percentage of base pay, in some cases this resulted in a larger amount of money for men (e.g., Government 2, Municipality 2). In these cases, the pay gap widened by a few percentage points. In the cases in which performance-related pay widened the gender pay gap, the gap was thus produced in two processes of wage determination: first in job evaluation, where men’s jobs were evaluated as more demanding, thus worth more money; and then in performance appraisal, where the same level of performance then became a higher absolute amount of money to be paid to men because it is counted as a percentage of base pay. There were, however, cases where performance-related pay narrowed the pay gap to some extent (Government 3, Church 2). In the case of Government 3, experience was rewarded in performance-related pay and there were several women in lower pay grades receiving rather large amounts of performance-related pay based upon years of experience. This could imply problems in career mobility.

DISCUSSION

Building upon earlier scholarship (Acker, 1989, 1990, Figart et al. 2002), this article aimed to contribute to the understanding and conceptualisation of intertwining gender inequalities in wage determination systems. Here, intertwining inequalities is used to refer to several kinds of complex structures, processes and practices that are mutually reinforcing in producing and reproducing gender inequality in wage determination. The aim was to analyse how wage determination systems are gendered, how intertwining gender inequalities are manifested in the application of these systems and what the implications for wage outcomes are. In this article, wages are understood as being based upon cultural understandings of appropriate levels of wage for certain jobs and employee groups. Wages are seen as shaping and reflecting gender, class, race and ethnicity (Figart et al., 2002). Central concepts in this article are intertwining gender inequalities and gender-neutral legitimacy.

The main result is that the pay systems were not used according to formal rules and that wages were based on a variety of other factors. Nonetheless, the job evaluation and performance appraisal points were allocated, which made wage outcomes appear legitimate. Acker (1992) has written about how the apparently neutral, bureaucratic appearance of pay systems may mask the gendered nature of the system and produce inequality. These neutral-appearing practices provide unwarranted, gender-neutral legitimacy by making gender-based differences in wages seem justified. This gender-neutrality is further strengthened by the Finnish tendency of cultural avoidance of presenting gender as conflicting (Korvajärvi, 2011), an example of gender-neutrality as silent legitimacy.

During the project, the research team did not find a single example of an organisation in which job demands had been evaluated with the specific intention of promoting equal pay. Gender equality was not a goal set for the pay system in most of the organisations. Linked to the Finnish industrial relations system, there were often multiple pay systems used within an organisation. Since the Finnish labour market is highly gender segregated, this often meant that the wages of male and female employees were determined using different pay systems.
The formal pay systems were not the only context in which gendered practices could be found; they were often found in the realised pay system. A major finding of this study is that there was often a gap between the formal pay system and the realised pay system. In the realised pay system there were gendered aspects that were not present in the formal HRM document. Much of the previous research on the topic has focused on whether the formal pay system, usually job evaluation criteria, is biased. In most of the organisations studied in this study, no analytical job evaluation ever took place. Though bias in the formal pay system is an important topic for research, the bias can also occur in the realised pay system in which different sources of gender inequality intertwine with the formal pay system. Wages could be observed to be based on cultural gendered valuations that find their way into wage determination practices. The formal pay systems then provide unwarranted gender-neutral legitimacy to these gendered wage outcomes.

Based on the findings presented here, I argue that job evaluation and performance appraisal results often do not correctly reflect the actual demands of work or performance on the job. They are the end result of a complex gendered process, characterised by strong gender segregation, the higher value attached to work conducted by men and the assumptions of gender-neutrality that make unequal treatment within the organisation invisible. Ideally, the pay systems could promote gender pay equity; in practice, they too often provide unwarranted gender-neutral legitimacy for intertwining gender inequalities in wage determination practices.

ACKNOWLEDGEMENTS

The project in which the data was gathered was funded by The European Social Fund and coordinated by the Equal Pay Programme. Writing this article was made possible by grants obtained from the Funds at Hanken, the Finnish Work Environment Fund, the Marcus Wallenberg Foundation and the KAUTE Foundation. I would like to thank the participating 18 organisations and the research team from Aalto University: Virpi Liinalaakso, Minna Nylander, Roosa Kohvakka, Heini Ikävalko and Tapio Wallin. I would also like to thank Professor Jeff Hearn and Professor Jill Rubery, as well as the anonymous reviewers for valuable comments on earlier versions of this article.
REFERENCES


Equal Remuneration Convention, ILO C100 (1951).


Article 3.

NON-DECISION MAKING IN THE REFORM OF EQUAL PAY POLICY-
The case of Finnish gender equality legislation

Paula Koskinen Sandberg

Published in Equality, Diversity and Inclusion: An International Journal, Vol.35, No.4, pp. 280-295

Purpose – The purpose of this article is to analyse an example of non-decision making in the Nordic tripartite policy process, namely the reform of the Finnish gender equality legislation and law for equal pay comparisons.

Design/methodology/approach – The paper uses non-decision making as a conceptual framework for qualitative analysis of the documentation of the working group that drafted the law for equal pay comparisons. The analysis focuses on the strategic responses used by the participants in order to defend the status quo and resist change in the legislation.

Findings – The key findings are that the law for conducting equal pay comparisons as a part of gender equality planning in Finnish organisations changed dramatically in the tripartite policy process. Employer organisations successfully prevented the most relevant features from being implemented in the reformed law.

Research limitations/implications – The findings of this research indicate that there is a need for more research on the tripartite policy process and its implications for developing policy.

Social implications – This paper shows the kind of power that employer and employee organisations use in Finnish policy-making. As a result, the reformed gender equality legislation is a compromise, reflecting the vested interests of different stakeholders. The findings highlight the challenges of developing policy in the tripartite policy process.

Originality/value – The tripartite policy process and its implications have rarely been studied. The value of this paper lies in both the originality of the topic and approach, and the societal importance of the findings.

Keywords – Tripartite policy process, Equal pay, Legislation, Non-decision making, Finland

Paper type Research paper

Printed with the permission from © Emerald Group Publishing.
INTRODUCTION

The concept of non-decision making can be used to describe how gender equality issues are marginalised and delegitimised in order to keep them off the political agenda. Non-decision making is essentially about power (e.g. Lukes, 1974). The suppression of women’s shared interests is central to the maintenance of a patriarchal society. By analysing non-decision making, it is possible to understand the dynamics and tactics used by patriarchal systems in order to marginalise gender equality issues and maintain the patriarchal status quo (e.g. Marchbank, 1994).

This article seeks to make a contribution to the literatures on non-decision making (e.g. Bachrach and Baratz, 1962, 1963, Bergqvist et al., 2015, Marchbank, 1994), corporatist politics (e.g. Saari, 2015, Ikävalko, 2010, Salmi and Lammi-Taskula, 2014) and equal pay policy (e.g. Saari, 2013, Fransson and Thörnqvist 2006, Rubery and Koukiadaki, 2015) by analysing the renewal process of the Finnish gender equality legislation. The intersection of these three literatures is a neglected but highly important area of research, with both academic and policy implications. This article makes a significant contribution to this area by analysing the competing interests of different stakeholders, tactics used in order to limit the scope of decision-making and the implications for the developed law. The results contain significant new information on the mechanisms through which corporatist politics can impact policy development.

Understanding the circumstances in which gender equality policies are adopted is a central challenge in literature on gender and politics. Non-decision making in gender equality policy can take a variety of forms which can vary in different national contexts. This particular case is from Finland but similar dynamics are likely to be found in policy making in other national contexts. Another example is the case of Swedish parental leave renewal. The Swedish Social Democrats failed to reform the parental leave system because of competing interests: proponents’ gender concerns and opponents’ class-based interests. Class-based interest and short-term electoral goals surpassed gender equality objectives (Bergqvist et al., 2015).

The renewal process of the Finnish gender equality law began in 2012 and the reformed law was enacted in 2015. This article tells the story of how the law for pay comparisons came into existence. The tripartite working group that was assigned to the task of drafting the law on pay surveys as part of the legislation met a total of 18 times but accomplished very little, or so it seems. However, if the objective of certain participants was to make sure that the group accomplishes very little, then the process and the end result can be interpreted rather differently.

A special feature of Finnish society and policy-making is that the national central employer and employee organisations have a significant role in national policy-making. Shaping policy takes place in tripartite working groups between the state, the central employee organisations and the central employer organisations. In the case of equal pay policy, the policy process means that the same organisations that negotiate on wages and framework agreements for Finnish labour market also negotiate on equal pay policy and legislative initiatives. This implies that each of them have vested interests in the process. Each decision made within this framework and each policy so shaped is in effect a compromise that reflects the different interests of the parties involved (Salmi and Lammi-Taskula, 2014, Saari, 2015, Ikävalko, 2010).

It is not surprising that employer organisations are unenthusiastic about increasing regulation. However, the relationship between trade unions and legislation has also often
been uneasy. This is mainly because the trade unions prefer to advance their objectives through collective bargaining rather than by legislation. In fact, they may oppose legal intervention since it might undermine collectively negotiated agreements (e.g. Nummijärvi, 2004, Conley, 2014).

This article has the following aims: to analyse the role of employer and employee organisations in shaping Finnish equal pay policy, to provide an analysis of the strategies used by the organisations in order to prevent changes in policy, and to analyse the implications of the policy process for equal pay objectives. The research questions addressed in this paper are:

RQ1: What kind of strategies did the different stakeholders use in order to either change the equal pay policy or prevent it from changing?

RQ2: What are the implications of the tripartite policy process for equal pay policy outcomes?

These questions will be addressed through the analysis of the minutes of the meetings of the tripartite working group shaping the new legislation. The minutes of the meetings of the tripartite working group are used in order to analyse the role of the employer and employee organisations in the process of the Finnish gender equality legislation reform. In the analysis, the concept of non-decision making is used to elaborate on the strategies that the stakeholders use in order to resist change and defend the status quo.

The article comprises the following sections. First, the theoretical framework is presented. Second, equal pay policy is discussed. Third, evaluation-based pay systems and their link to policy is presented. Fourth, the Finnish context is described. Fifth, the vested interests of the stakeholders are presented. Sixth, the data and methods are set out, and, seventh, the research results are presented. Finally, the main findings and their implications for both theory and practice are discussed.

NON-DECISION MAKING

Non-decision making is a theory concerned with systemic bias, issue suppression, and covert use of power, and as such is a very suitable approach for analysing feminist questions. Non-decision making is a useful concept for analysing situations where there are significant, but latent, power conflicts and actors intentionally limit the scope of decision-making to relatively non-controversial issues (Bachrach and Baratz 1962, 1963, see also Bergqvist et al., 2015). The concept of “mobilisation of bias” describes how the dominant values, political myths, rituals and institutions tend to favour the vested interests of certain stakeholders. Analysing non-decision making can be conducted by investigating the mobilisation of bias in a certain context: 1) What are the dominant values, myths, political procedures and rules of the game? 2) Which individuals or stakeholders benefit from the existing bias and which do not? 3) What are the dynamics of non-decision making, the manner through which the status quo is upheld? (Bachrach and Baratz 1962, 1963).

Marchbank (1994) applies the concept of non-decision making to describe how gender equality issues are marginalised with the objective of keeping them off the political agenda. The suppression of women’s shared interests is central to the maintenance of a patriarchal society. Thus, by analysing non-decision making we can better understand the dynamics and tactics used in order to marginalise women’s collective interests and maintain the patriarchal status quo. All decisions involve power, and the asymmetrical
power relations between the different stakeholders affect both which issues get onto political agendas and the kind of decisions that are ultimately made. Marchbank (1994, 2000) describes policy making as a series of hurdles or barriers. Policies can “stumble” at the hurdles at any point in the policy process, and all phases of the process can involve non-decision making.

**ON EQUAL PAY POLICY**

The right to equal pay is based on several international agreements and conventions (e.g. 2006/54/EC, ILO Convention 100, 1951, Treaty of Rome, 1957, Universal Declaration of Human Rights, 1948, CEDAW, 1979). The equal pay principle is also included in the Finnish legislation and especially in the Act on Equality between Women and Men (1986/609, 232/2005, 1329/2014). It is indeed a human right and mandatory for those states that have ratified the conventions to implement.

With the objective of promoting equal pay through legislation, different countries have adopted different approaches. In some countries, such as Finland and Sweden, the approach is proactive which means that employers are obliged to promote equal pay actively. In others, the legal approach is based on anti-discrimination and individuals or groups making equal remuneration claims within such framework. Such is the case in, for example, in the United States, where the Equal Pay Act, enacted in 1963 is mainly meant to address within-job discrimination. Zeigler (2006) examined the limitations of the U.S. equal pay litigations, stating that the law is ineffective regarding the most common form of discrimination, the undervaluation of feminised work (for undervaluation see Grimshaw and Rubery, 2007, Austen et al., 2013, Koskinen Sandberg and Kohvakka, 2015). In certain Australian states, the emphasis of equal pay policy is on the concept of undervaluation, and there is no routine comparison between male-dominated and female-dominated jobs or wages of men and women within a given occupation. This approach allows female-dominated employee groups to make equal remuneration claims without establishing equal value to a group of male employees (e.g. Smith, 2011, Austen et al., 2013).

Policies are not shaped in a vacuum but rather, they reflect a variety of influences, opinions, competing demands, motivations, and vested interests (Marchbank, 2000). Policies create meaning for what is entailed by problems such as the gender pay gap. Choices on how the problem is presented affect the policy measures to be implemented in order to solve it (e.g. Saari, 2013). The widely-used policy measures to promote equal pay can be divided into four categories. The different issues and approaches represent the four perspectives on equal pay (framework by Rubery and Grimshaw, 2015): the economic, the sociological, the institutional, and the organisational perspective. Each of the four perspectives offers a different lens through which the question of the gender pay gap is viewed. They also imply different remedies for wage inequality. The pay survey and equal pay comparisons are part of the organisational policy measures for promoting equal pay, whereas the tripartite policy process can be seen as belonging to the institutional perspective. The economic perspective focuses on issues such as gender segregation of the labour market and education, whereas the sociological perspective focuses on gendered divisions in care responsibilities and implications to labour market situations of men and women.

**Pay system and equal pay comparisons**

Evaluation-based pay systems are often thought of as promoting equal pay and these systems are part of international and national equal pay policy (e.g. ILO Convention 100, 1951, Ministry of Social Affairs and Health, 2007). This is linked to the comparable worth
movement and the idea that the undervaluation of women’s work would be revealed when assessing job demands with a job evaluations system (e.g. Acker, 1989, England, 1992). In Finnish organisations, the existing pay systems are also typically used as tools for making equal pay comparisons required by legislation. In previous work (Koskinen Sandberg, forthcoming), I analysed gendered practices in the pay systems of 18 Finnish organisations from different sectors. From this study, I came to the conclusion that although most of the Finnish organisations in my sample had some sort of evaluation-based pay system in use, most of the organisations had not engaged in a careful process of either job evaluation or performance appraisal; therefore, the pay ratios were often not strictly based on differences in job demands or performance on the job.

There were gaps between the formal and realised pay systems, and pay was based on, for example, market rates, pre-existing hierarchies of the organisations and gendered valuations of occupations (Koskinen Sandberg, forthcoming, see also Gilbert 2012, Arnault et al., 2001). I conceptualised these findings as intertwining gender inequalities: several kinds of structures, processes and practices that are intertwining and mutually reinforcing in producing and reproducing gender inequality in wage determination. The pay systems also provide gender-neutral unwarranted legitimacy for these intertwining inequalities by making these look legitimate, an issue that is central for understanding the implications of using pre-existing job grades as tools for equal pay comparisons (Koskinen Sandberg, forthcoming).

If job evaluations and performance appraisals are not conducted carefully, then the logical conclusion is that the pay grades produced by these systems are not valid tools to be used in pay surveys in comparing wages. However, as we will see, in the Finnish equal pay legislation, pay comparisons are to be conducted only within pre-determined pay grades. For this to be an appropriate basis for implementing equal pay, a prerequisite is that the job evaluation has been carefully conducted and the placement in the job grade hierarchy correctly reflects actual differences in job demands and performance. If not, this within-grade comparison does little more than legitimise existing pay differences.

The Finnish Context

Many Finns believe that gender equality is already a reality in Finland (e.g. Julkunen 2009). Indeed, in international comparisons Finland tends to do rather well (e.g. World Economic Forum 2015). However, when Finnish society is examined more carefully, the picture is more complex, and a variety of unresolved issues, such as the gender pay gap, remain. Gender segregation in the Finnish labour market is unusually strong; men often work in the private sector in industries such as manufacturing and construction, while women often work in the public sector in industries such as health care, social services and education (Official Statistics of Finland, 2015). Gender segregation is also routinely offered as an explanation for the aggregate gender pay gap (e.g. Vartiainen, 2001, Luukkonen et al., 2004).

Centralised and regulated industrial relations systems have been associated with smaller gender pay gaps (e.g. Colling and Dickens, 1998, Mandel and Semyonov, 2005). In Finland, the coverage of sector-wide collective agreements is extensive and the agreements are usually binding: that is, non-organised employers also have to implement national collective agreements. The vast majority of Finnish employees are covered by collective agreements. Despite the wide coverage of collective agreements, the gender pay gap is rather wide in Finland (17%) and has showed no signs of narrowing (Official Statistics of Finland, 2014).
While sector-wide collective agreements can be seen as supporting equal pay, there are also features that undermine possible positive outcomes. In Finnish workplaces, different employee groups are often covered by different collective agreements, a potential threat to equal pay. A clear example of this is the Finnish local government sector, where the labour force is highly gender segregated, and employees are covered by five major collective agreements (CA’s) (General CA, Technical CA, Education CA, Physicians’ CA, Hourly Workers’ CA), each with different methods for wage determination and different wage levels. The local authority is, however, a single employer and by law obliged to treat all employees equally, regardless of collective agreements. In previous work I have analysed the implications of the local government sector collective agreements for the within-organisation gender pay gap and found that the collective agreements indeed contribute to, in other words widen, the within-organisation gender pay gap. Especially the largest, female-dominated General Collective Agreement had a clear negative impact on wages paid when controlling for traditional human capital variables, such as level of education and work experience (Koskinen Sandberg and Kohvakka, 2015).

VESTED INTERESTS OF THE STAKEHOLDERS

As mentioned earlier in this article, the same organisations that negotiate on wages and framework agreements for Finnish labour market also negotiate on equal pay policy and legislative initiatives, such as the case presented here. The renewal of the gender equality legislation and new wordings on how to conduct pay comparison, is very directly linked to wages, wage determination practices and wage relativities between different industries and occupations, negotiated by these central stakeholders (Table 1). Thus, the legislative renewal presented a clear threat to these stakeholders since it has potential to change wage relativities and uncover injustice in wage determination. Thus, the tactics of non-decision making (e.g. Marchbank,1994, 2000) were needed in order to protect their vested interests.

In equal pay policy and gender equality policy more generally, the Finnish gender equality machinery is a central stakeholder. Finnish governments outline their strategy and objectives in government programmes. Equal pay and other gender equality questions are typically included in the government programmes, although the current government programme does not include gender equality measures (Government programme 2015). The details of the gender equality measures are then presented in more detail with concrete action plans in gender equality programmes prepared by the Gender Equality Unit (TASY) located in the Ministry of Social Affairs and Health. The Finnish gender equality machinery, namely the government officials from the Gender Equality Unit, were involved in policy process that is under analysis in this paper. Their role was to set the agenda, coordinate the work and to ensure the best possible outcome in the renewal of the law in cooperation with the other stakeholders. The same government officials collaborate with the same representatives of the central labour market organisation in several contexts, such as within the tripartite Equal Pay Programme (Ministry of Social Affairs and Health, 2007, 2016).

DATA AND METHODS

The analysis focuses on the minutes of the meetings of the tripartite working group that shaped the renewed legislation in relation to pay comparisons. The data consist of documentation of a total of 18 meetings of the tripartite working group: the minutes of the meetings and appendices. The minutes of the meetings are a valuable source of information about tripartite decision-making and the dynamics of non-decision making.
All the decisions made and the rationale and arguments behind the decisions were documented. All participants have also approved the minutes of the meetings. A limitation of the data is that not everything is documented in the minutes.

The research method used is qualitative content analysis (e.g. Schreier, 2014). In the analysis, focusing on the argumentation used by the participants of the working group, I systematically categorised all the documents: I analysed the key issues, events and argumentation. I analysed the argumentations used by the participants, the decisions made, and the changes in the actual law text during the process.

The analysis specifies the barriers recognised in policy process (e.g. Marchbank, 1994, 2000). The different phases of the policy process are: 1) objective interest, 2) public agenda, 3) political agenda, 4) decision, and, 5) implementation. The analysis in this article focuses specifically on non-decision making on the political agenda and the decision that is made.

NON-DECISION MAKING IN THE TRIPARTITE POLICY PROCESS

First barrier: Setting the political agenda
According to the Finnish gender equality legislation, all organisations that employ 30 or more people are obliged to conduct gender equality planning and pay surveys; thus, it is a central policy mechanism. The initiative to investigate the current state of the Finnish gender equality legislation and pay surveys and make recommendations for their development was written into the Framework Agreement 2011-2013 of the central labour market organisations. Pay surveys are an integral part of the legislation, but before the renewal the law did not specify how the pay survey should be conducted. To jump start the renewal process of the gender equality legislation, a tripartite working group was formed in the spring of 2012. As the basis for this task, the central employer and employee organisations decided to conduct a survey in order to collect information from their own members. The Ministry of Social Affairs and Health was involved in the process, co-ordinating the working group.

The work of the working group was challenging and full of conflicts. The survey was conducted separately for members of each of the central labour market organisations, and the organisations did not hand on the data to other participants. There were also differing opinions on which questions could be included in the survey and which could not. The question of equal pay for work of equal value could not be included due to the employer organisations’ resistance. This was the first attempt to prevent this issue from becoming a part of the agenda.

The main results of the survey were that not all organisations conduct gender equality planning. Further, not all gender equality plans included any kind of pay survey, and even if they did, these were often insufficient. Based on the findings, it was decided that pay surveys need further reforming (Ministry of Social Affairs and Health 2012). The working group then continued its work in drafting the law for equal pay comparisons as part of the renewed legislation. The working group’s members and codes used for them are presented in Table 1.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Description of organisation or group member</th>
<th>Code</th>
<th>Group member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair of the working group</td>
<td>Neutral, compromise-seeking role. Was also the chair of the executive committee of the Equal Pay Programme</td>
<td>Chair</td>
<td>Man</td>
</tr>
<tr>
<td>Ministry of Social Affairs and Health</td>
<td>Gender equality machinery/Government</td>
<td>Ministry</td>
<td>2 Women</td>
</tr>
<tr>
<td>Central Organisation of Finnish Trade Unions (SAK)</td>
<td>Trade union confederation representing e.g. industry, public sector, service sector employees</td>
<td>Union SAK</td>
<td>Man</td>
</tr>
<tr>
<td>The Finnish Business School Graduates (SEFE)</td>
<td>Trade union representing business school graduates</td>
<td>Union SEFE</td>
<td>Man</td>
</tr>
<tr>
<td>Finnish Confederation of Salaried Employees (STTK)</td>
<td>Trade union confederation representing e.g. industry, service sector, public sector, health care employees</td>
<td>Union STTK</td>
<td>Woman</td>
</tr>
<tr>
<td>Confederation of Finnish Industries (EK)</td>
<td>Employer organisation confederation representing business organisations</td>
<td>Employers EK</td>
<td>Woman</td>
</tr>
<tr>
<td>Local Government Employers (KT)</td>
<td>Employer organisation representing local government sector</td>
<td>Employers KT</td>
<td>Man</td>
</tr>
<tr>
<td>Commission for Church Employers (KIT)</td>
<td>Employer organisation representing Finnish Evangelical Lutheran Church</td>
<td>Employers KIT</td>
<td>Man</td>
</tr>
<tr>
<td>Office for the Government as Employer (VTML)</td>
<td>Employer organisation representing government sector organisations</td>
<td>Employers VTML</td>
<td>Woman</td>
</tr>
<tr>
<td>The Ombudsman for Equality’s Office (TAS)</td>
<td>The Ombudsman’s office supervises compliance with the Act on Equality between Women and Men.</td>
<td>Expert TAS</td>
<td>Woman</td>
</tr>
<tr>
<td>Expert, University of Turku</td>
<td>Professor, Academic expertise on gender equality legislation</td>
<td>Expert UNI</td>
<td>Woman</td>
</tr>
</tbody>
</table>
Second barrier: Tripartite negotiations on the content of the law

Next, the main points of conflict, strategies and argumentation tactics used and decisions made are analysed. According to the analysis of the data, four main topics of negotiation and conflict are identifiable: 1) shop stewards’ access to wage data, 2) comparing wages between collective agreements, 3) equal value comparisons, and 4) comparing by pay component. These central issues remained on the agenda throughout the process, and the methods of non-decision making were targeted towards these issues until the compromise was eventually reached and issue suppression successfully achieved.

The starting point for drafting the law text was the first draft produced by the Ministry (Table 2). The draft includes equal value comparisons and comparing between different collective agreements, issues that were very important for the Ministry. The text also included comparisons by pay component and shop stewards’ access to detailed wage data. This text essentially represents the Ministry’s agenda for the reform of the legislation.

Table 2. First draft of the new guidelines for pay survey

<table>
<thead>
<tr>
<th>The aim of the pay survey is to find out whether there are unjustified pay differences between men and women who do equal work or work of equal value for the same employer.</th>
</tr>
</thead>
</table>

The pay survey must include the wages of women and men classified according to pay grades or employee groups. Different components of pay should be elaborated. In the pay survey, wages are compared between women and men within the same pay grade, employee groups or groups who do work of equal value (also between different collective agreements). The pay survey should include analysis of the pay differences found.

The pay survey is to be conducted in collaboration with shop stewards. Representatives of personnel who take part in the analysis of pay differences are entitled to have access to detailed and comprehensive wage data. The personnel representative who takes part in analysing the pay differences should not give others information about the above-mentioned pay wages and pay differences.

Shop stewards’ access to wage data

One of the main topics addressed in the negotiations in the working group was shop stewards’ access to wage data. Difficulties with shop stewards’ access to detailed and comprehensive wage data has been identified as one of the problem areas in gender equality planning and pay surveys. Thus, access to wage data was a top priority for the Ministry. This objective received support from the employee organisations, who also thought that access to wage data should be guaranteed and that currently the data received often lacks detail. The employers strongly opposed giving shop stewards access to wage data.

“Employers EK think that there is no need to change the law. The starting point for Employers EK is that wages are a contract between two actors that are no one else’s business”.

“Union STTK brought up the need to discuss what information should be accessible by the shop stewards so that the goal for the pay survey would be met”

“Union Sefe thought that the current practice of delivering wage data to the shop stewards is not useful, the statistics are on a too general level”.

""
The decision made is that the new law says that the gender equality plan is to be conducted in co-operation with representation of employees and that these representatives should have sufficient opportunity to participate and influence the process of gender equality planning. Access to wage data is not mentioned as such. Thus, it seems that the employers were able to influence the decision-making on the question of shop stewards’ access to wage data and to limit the scope of the decision made to only the right to participate in the process. Non-decision making was achieved through purposively vague wording of the law text, such as the “sufficient” opportunity to “participate” in the process.

**Comparing wages between collective agreements**

Wage comparisons between collective agreements were a priority for the Ministry. These comparisons are highly central in Finnish organisations, in which using several collective agreements is indeed very common. This question met very strong opposition from the employers’ side. There was some support from the employees, although not particularly strong support. The issue of comparing wages between the collective agreements collides with their vested interests as well.

"Employers EK expressed their view that the way in which wages are currently compared is good and that the idea of comparing wages between collective agreements shows lack of understanding of the collective agreement system".

"Union SAK stated that a collective agreement is no justification for unequal treatment"

"Expert UNI emphasised that the new legislation must be better than the current one. The employers’ responsibility for not justifying discriminatory wages with collective agreement is central"

In the renewed law, there is no mention of comparisons between collective agreements. Instead, the law states that comparison should be made within job titles and pay grades. Implicitly, this means not comparing between the collective agreements but, instead, only within the pre-existing classifications within the collective agreement. With this question, too, the highly controversial issue of comparing wages between collective agreements was successfully kept off the agenda. Related to the role of the central labour market organizations in maintaining the wage relativities between different jobs and industries, suppressing the issue of comparisons between collective agreements was a top priority.

**Equal value comparisons**

Another key issue on the agenda was equal value comparison: that is, seeking to assess whether women and men conducting equally demanding work receive equal remuneration. Though an important topic, this was one of the most challenging topics since it is not at all easy to define what constitutes work of equal value. The Ministry’s proposal (Table 3) was also vague regarding this issue, and it did not define clearly what they meant with by equal value. Even with the vagueness, the employers strongly opposed equal value comparisons. Again, there was some support from the employee’s side for equal value comparisons.

Union SAK: “The comparison should be made between jobs of equal value and also between different employee groups”

Ministry: “It should be possible to conducted comparisons between jobs of equal value, and shop stewards should receive detailed wage data by pay components, so that they can conduct the comparisons”.

The law text on work of equal value is interesting since equal value is indeed mentioned but there is no clear advice on how to conduct the comparisons. The comparisons made according to the law are not equal value comparisons since they use pre-existing classifications as bases for comparisons. The mentioning of equal value in the law has very limited practical implication. Again, non-decision making was achieved through vague wording in the reformed law. In addition, none of the stakeholders seemed to have a strong view of what work of equal value would mean in practice, at least not in the kind of detail that could become part of the new law.

**Comparing by pay component**

Comparing by pay component was also one of the key issues on the Ministry’s agenda for the working group. Comparing by pay component provides more detailed information about how the different components contribute to wages and wage differences between men and women. The employers again opposed more precise wage comparisons. The employees supported the idea of comparing wages by pay component.

“Union SAK and STTK took as a starting point that all components of pay should be included in the comparisons”

“The representative of Employers EK thought that the interpretations of the Ministry were going too far and that international conventions or EU legislation do not support the views on pay components”

In the new law, the advice is to first compare total wages within pay grades, job titles or other chosen groups. If pay differences are identified, and if the organisation uses a pay system that consists of different pay components, then central pay components should be analysed in order to locate the reasons behind the pay differences. Comparisons by pay components are included in the new law, but they are only to be conducted if there are differences found in total wages within the pre-existing classifications. My interpretation is that of these four main themes, this was the least threatening. Thus, most of the tactics on non-decision making were targeted towards preventing the other three central themes from becoming part of the new law. Within pre-existing job grades, vast differences in pay components are not likely to occur. By definition, differences should not exist at all in base pay for a certain job grade, since the base pay is based on the job grade. There might be more variation in performance-related pay.

**Methods of non-decision making**

Marchbank (1994) lists several methods of non-decision making: issue suppression and threats, intimidation of the challenger, co-optation of the challenger, branding with negative symbols to delegitimise and delaying tactics. In the working group, these methods of non-decision making were used in order to limit the scope of decision-making.

**Delegitimising.** This concept refers to claims made by the employers which included, for example, the following: claims that the proposal was not based on joint discussions, that some issues presented were not within the mandate of the working group, that the presented views were not supported by international conventions and even questioning the whole purpose of the pay survey. The Ministry then responded to these claims by seeking legitimacy (e.g. Nousiainen et al., 2013) by bringing up obligations set by the current legislation or international conventions and legislation.

“Why is there a need for a pay survey and what is its role in relation to the overall obligation of employers to promote gender equality?”
‘The representative of the Ministry brought up the fact that this is not just about labour market politics. The obligations set by the current legislation as well as EU Directives need to be considered’

**Issue suppression** as a concept refers to action taken in order to take central issues, such as the shop stewards’ access to wage data and the equal value comparison and wage comparisons between collective agreements and by pay component, off the agenda.

‘Employers EK did not wish to define the groups between which wage comparisons should be conducted’

**Branding with negative symbols** refers to claims made about other participants: they were accused of being too negative and too demanding, in other words labelled them as difficult.

Employers EK: ‘In tripartism, there shouldn’t be continuous demands made of one of the parties. The perspective of the companies should also be considered....’

**Intimidation** refers to situations where there were direct or less direct threats about discontinuing the working group’s work if a participants’ demands are not met, such as the example below.

‘.... (Employers EK) brought up the Framework Agreement and stated that if there were conflicts, the issue would be withdrawn from the government’s agenda and the reasons behind the failure would be told’

**Bargaining.** There was bargaining on the content of the law, which is a very typical feature of the tripartite policy process. In order to meet some of their objectives, for example, the Ministry was willing to compromise and let Finnish organisations conduct gender equality planning less often in the future, which is a clear weakening of the legislation.

‘Employers KT asked whether it would be possible to consider conducting the pay survey less often than annually. The Chair said that this option might also be considered’.

**Third barrier: The final non-decision**

When looking at the final version of the law (Table 3), it is clear that many central features of the initial proposal did not survive the tripartite policy process. The issues of shop stewards’ access to wage data, comparing between collective agreements and equal value comparisons are not included in the law. The scope of decisions made was limited to less controversial issues. What is problematic in the legislation is that it takes pre-existing pay grades determined with a job evaluation system as the basis for comparisons. For this to be a valid method for pay comparisons, job demands need to be carefully evaluated and the pay systems need to be non-biased. A large body of research indicates that such an assumption might be unfounded (e.g. Steinberg 1992, Acker 1989, Author 2015). The legislation takes as its starting point that the pay differences between the pay grades are justifiable as such. The law does not require any re-evaluation of job demands but accepts the existing classifications as the basis for pay comparisons. Further, the law does not advise that wages should be compared between different collective agreements. Such comparison would be highly relevant in Finnish organisations; in which it is very common to have several different collective agreements in use for different employee groups.
Table 3. Comparing wages according to the new gender equality legislation

<table>
<thead>
<tr>
<th>Pay Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>The aim of the pay survey is to find out whether there are unfounded</td>
</tr>
<tr>
<td>pay differences between men and women who do equal work or work of equal value for the same employer.</td>
</tr>
<tr>
<td>If clear differences in pay between men and women are found when</td>
</tr>
<tr>
<td>comparing wages within pay grades or job titles or other chosen groups,</td>
</tr>
<tr>
<td>the reasons for the differences must be identified.</td>
</tr>
<tr>
<td>If the work place uses a pay system that consists of several pay components,</td>
</tr>
<tr>
<td>the relevant components must be assessed in order to identify</td>
</tr>
<tr>
<td>the reasons for the differences found in pay.</td>
</tr>
<tr>
<td>If there are no justifiable reasons for the pay differences found,</td>
</tr>
<tr>
<td>the employer must take measures in order to rectify the situation.</td>
</tr>
</tbody>
</table>

CONCLUSIONS

The concept of non-decision making is useful in understanding the dynamics behind a policy initiative that failed, or at least was severely damaged by, power struggles between the stakeholders and deliberate acts to keep certain issues off the agenda. This article sought to make a contribution to the literatures on non-decision making (e.g. Bachrach and Baratz, 1962, 1963, Bergqvist et al., 2015, Marchbank, 1994), corporatist politics (e.g. Saari, 2015, Ikaävlooko, 2010, Salmi and Lammi-Taskula, 2014) and equal pay policy (e.g. Saari, 2013, Fransson and Thörnqvist 2006, Rubery and Koukiadaki, 2015). This was achieved by analysing the competing interests of different stakeholders, tactics used in order to limit the scope of decision making and the implications for the developed law.

The new Finnish law for pay surveys is, as the working group described it, a compromise. It reflects the vested interests of the stakeholders, the power relations between them and the non-decision making that resulted in preventing most of the changes suggested from taking place, limiting the decision-making to non-controversial issues by using a variety of methods. This case is a clear example of how gender equality issues are marginalised and delegitimised in order to keep them off the political agenda by using non-decision making.

The Ministry’s objective was to include equal value comparisons, also between different collective agreements, in the law and strengthen the rights of shop stewards in the process. Their fear was that the new law might be weaker than the previous one. The employers were strongly against more detailed wage comparisons of any kind. Contrary to what one would expect, the employees did not seem to have strong objectives for the working group. They basically wanted the group to be able to reach consensus, and that there would be more clear guidelines for conducting pay comparisons. They also seemed
to value their long established relationship with employer organizations and did not wish to risk that by teaming up with the government representatives. Doing so might backfire in other important negotiations and future collaborations.

Practical tools for equal value comparisons would have been a victory for the Ministry. This was also in the interests of the employees’ representatives to a certain extent, although they also have competing interests since they represent different employee groups. The issue of equal value is not in the interests of the employers, and would indeed mean large scale challenges to some employers, such as the local government sector. Therefore, they used their power in order to defend the existing practices and avoid dramatic changes to the legislation. And they succeeded.

**Policy Implications**
While the actual effects of the renewed legislations will be known only after some years, it seems unlikely that the legislation would be successful in promoting equal pay. The resulting legislation only implies small changes to the previous situation. The prior legislation did not give detailed advice on comparing wages of men and women. The new legislation gives more detailed advice but at the same time, advises to only compare within job titles and pay grades, where no large differences are to be found. Comparing only within existing pay grades and job titles leaves the majority of gender-based pay differences, which appear between different job titles and pay grades, invisible and unaffected.

The current power relations in Finnish society make it possible for the national central employer and employee organisations to prevent any major changes in equal pay policy. In order to take stronger measures in promoting equal pay and developing policy in general, we need to make informed decisions on which stakeholders are involved in policy-making and what the implications are of that decision.

**ACKNOWLEDGEMENTS**
Writing this article was made possible by a scholarships obtained from Hanken Foundation, Finnish Work Environment Fund, Marcus Wallenberg Foundation and KAUTE Foundation. I would like to thank Ministry of Social Affairs and Health for allowing me access to the documentation of the working group’s meetings. I would also like to thank the reviewers, Professor Jeff Hearn and Professor Jill Rubery for their valuable comments and suggestions for earlier versions of this article.
REFERENCES


Equal Remuneration Convention, ILO C100 (1951).


Local Government Employers website, Access: www.kuntatyontajat.fi


Prime Minister Juha Sipilä’s government programme 29.5.2015. Prime Minister’s Office, Helsinki.


273. DHANAY MARÍA CADILLO CHANDLER: The Role of Patents in Latin American Development: 'models of protection' of pharmaceutical patents and access to medicines in Brazil, Chile and Venezuela. Helsinki 2014.


The gender pay gap is a persistent challenge across different national contexts. Within these contexts, however, the underlying mechanisms that have resulted in the gender pay gap can take different shapes. In Finland, the gender pay gap has been resistant to policy measures implemented in order to reduce it. This thesis aims to shed light on some of the central features of Finnish society, its institutional context, central actors, and stakeholders, and how these are linked to the apparent failures of Finnish equal pay policy. This study offers a broad-ranging sociological understanding of Finnish society, its historical development, and the kind of citizenship it has offered to its female citizens. The thesis also discusses the role of central labour market organisations in institutionalising wage relativities between the different industries in the Finnish labour market and protecting their vested interests in policy-making. The empirical part of the thesis consists of three articles, each of which addresses an issue that is critical to Finnish and international equal pay policy: the role of collective agreements in institutionalising gendered valuations in wage setting in the Finnish local government sector, evaluation-based pay systems and the assumption that they inherently promote gender pay equity, and non-decision making in tripartite policy process and the way it affected the drafting of the new Finnish gender equality legislation. The first data set was gathered in a participatory action research project in which 18 Finnish organisations took part. The aim of the project was to promote equal pay through developing pay systems. The second data set consists of the official minutes of the meetings of the tripartite working group that drafted the law about equal pay comparisons that are mandatory for organisations to conduct. The thesis mainly uses qualitative research methods, along with quantitative and documentary analysis.

Based on the research findings, the following arguments are made. The Finnish welfare state has played an active role in creating a secondary labour market for Finnish women in the reproductive work of the public sector. The central labour market organisations have further strengthened the gendered division of labour and hierarchy between male-dominated and female-dominated sectors and industries by institutionalising the wage relativities between these industries in collective agreements. As central actors and powerful players in Finnish policy-making, the central labour market organisations protect their vested interests and resist changes to equal pay policy and legislation. Instead of directly addressing the most important structural and institutional features of the Finnish labour market, current Finnish equal pay policy focuses on less controversial issues, such as organisational practices. Failure to address the most relevant issues on gender pay equity results in modest advances in policy outcomes.