

Intertwining gender inequalities and gender-neutral legitimacy in job evaluation and performance-related pay

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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 Organization, 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, 1989) 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

| Organisation | Number of base pay systems | Job evaluation | Performance Appraisal | Average gender pay gap % | % of women in personnel |
|----------------|----------------------------|----------------|-----------------------|--------------------------|-------------------------|
| Government 1 | 1 | Yes | Yes | 23.2 | 52 |
| Government 2 | 4 | Yes | Yes | 30.6 | 35 |
| Government 3 | 1 | Yes | Yes | 6 | 12 |
| Municipality 1 | 3 | Yes | Yes | n/a | 60 |
| Municipality 2 | 3 | Yes | Yes | 21.7 | 74 |
| Municipality 3 | 2 | Yes | Yes | 32.3 | 98 |
| Municipality 4 | 2 | Yes | Yes | 10.9 | 49 |
| Municipality 5 | 1 | Yes | Yes | n/a | n/a |
| Church 1 | 1 | Yes | Yes | 16.7 | 66 |
| Church 2 | 1 | Yes | Yes | 17.7 | 49 |
| Church 3 | 1 | Yes | Yes | 21 | 76 |
| Company 1 | 0 | No | No | n/a | n/a |
| Company 2 | 1 | Yes | Yes | n/a | n/a |
| Company 3 | 2 | Yes | Yes | n/a | n/a |
| Company 4 | 1 | Yes | No | n/a | n/a |
| Company 5 | 3 | Yes | Yes | n/a | 3 |
| Company 6 | 1 | Yes | No | n/a | n/a |
| Company 7 | 0 | No | No | 38.6 | 65 |

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

| Organisation | Type of job evaluation 1 = analytical 2 = global ranking 3 = mixed, 4 = several base pay systems | Type of performance-related pay 1 = based strictly on performance 2 = based on performance and other factors | Clearly stated objectives for pay policy | Equal pay an objective of pay policy |
|----------------|--|--|--|--------------------------------------|
| Government 1 | 3 | 2 | Yes | Yes |
| Government 2 | 3 and 4 | 2 | No | No |
| Government 3 | 3 | 2 | Yes | No |
| Municipality 1 | 2 and 4 | 2 | No | No |
| Municipality 2 | 2 and 4 | 2 | No | No |
| Municipality 3 | 2 and 4 | 2 | No | No |
| Municipality 4 | 2 and 4 | 2 | Yes | Yes |
| Municipality 5 | 3 | 2 | No | No |
| Church 1 | 3 | 2 | Yes | No |
| Church 2 | 1 | 2 | No | No |
| Church 3 | 3 | 2 | Yes | No |
| Company 1 | - | | No | No |
| Company 2 | 2 | 2 | Yes | No |
| Company 3 | 3 | | No | No |
| Company 4 | 3 | | No | No |
| Company 5 | 3 | 2 | No | No |
| Company 6 | 3 | | No | No |
| Company 7 | - | | No | No |

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

| Formal Job Evaluation System | Realised Job Evaluation System |
|---|---|
| Job pay is based on job demands, evaluated with formal criteria | <ul style="list-style-type: none"> • 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

| Formal Performance-Related Pay System | Realised Performance-Related Pay System |
|--|--|
| Performance-related pay is based on performance on the job, evaluated with formal criteria | <ul style="list-style-type: none"> • 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.

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