

University of Groningen

## Regional labour market dynamics and the gender employment gap

Noback-Hesseling, Inge

**IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.**

*Document Version*

Publisher's PDF, also known as Version of record

*Publication date:*

2011

[Link to publication in University of Groningen/UMCG research database](#)

*Citation for published version (APA):*

Noback-Hesseling, I. (2011). *Regional labour market dynamics and the gender employment gap*. [Thesis fully internal (DIV), University of Groningen]. s.n.

### Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

### Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

## 5

### **Climbing the ladder**

Gender-specific career advancement in financial services and the influence of flexible work-time arrangements<sup>23</sup>

**Abstract** The aim of this study is to gain insight into the gender-specific dynamics of career advancement. The analysis is based on a quantitative data set of circa 10,000 middle and top-level managers in a Dutch financial services company. Results indicate that women earn less, work in lower job levels, but show slightly higher career mobility than men. Working in a flexible full-time (4\*9) arrangement turns out to be favourable for women who are 'rewarded' for working full-time, whereas men are 'penalized' for not working five days a week. Introducing this form of flexibility into a predominantly masculine organizational culture offers new opportunities for career advancement, albeit solely for women.

---

<sup>23</sup> This chapter is reprinted from: Noback, I and Van Dijk, J., Climbing the ladder: gender-specific career advancement in financial services and the influence of flexible work-time arrangements, and has been submitted to an international journal.

## 5.1 Introduction

Both men and women may encounter difficulties in the course of their occupational career, which are linked to organizational aspects, the existence of glass ceilings, the presence of informal networks, and norms and values related to management positions such as time and mobility constraints. In the context of pursuing a work-life balance, difficulties can arise from both a corporate/organizational standpoint and an individual and family perspective. Women in particular face the double burden syndrome of combining caretaking activities and other unpaid work with a paid job. These household responsibilities negatively affect labour market opportunities in terms of available jobs and career prospects.

This research can be positioned within the growing number of studies adopting a quantitative study design to obtain more insight into gender-specific career advancement and other related aspects, such as discrimination, informal networks and organizational culture (e.g. Eddleston et al., 2004; Guillaume and Pochic, 2009). The aim of this paper is to gain insight into the gender-specific dynamics of career advancement. Career advancement is measured in terms of tangible outcomes, namely salary, job level, and career mobility. We explore the extent to which gender, household situation, corporate culture, human capital and spatial flexibility have significant effects on the career opportunities of male and female employees, based on the analysis of approximately 10,000 middle and top-level managers. These data were obtained from the personnel records of a major Dutch financial services company that contained information about career advancement over the period 2001-2008 including background characteristics of the employees. We pay special attention to the relation between career opportunities and new working-time arrangements, in particular the flexible full-time arrangement, which entails working four-day nine-hours-a-day (4\*9) workweeks. This flexible full-time (4\*9) arrangement has come into existence due to a need for more flexibility in an organizational context that strongly favours working full-time. Because in the Netherlands it is usual to take care of one's own children, working mothers in particular prefer to work part-time, rather than opting for formal day care. This phenomenon is referred to as the Dutch caretaking culture (Vlasblom and Schipper, 2005).

The company we analysed is especially interesting because of its front-runner position in the promotion of gender diversity evidenced by its engagement in public debate and a publicly announced commitment to increasing the number of female top-level managers. In the Netherlands, however, the majority of women work part-time and few women work in top-level management positions (Merens and Hermans, 2008). Therefore, we also interpreted the outcomes of the analyses in the context of more general tendencies in the Dutch labour market such as the increase in female participation and the changing sectoral and occupational structure of the labour market.

The paper is organized as follows. In the next Section we begin with a brief description of some recent developments in the Dutch labour market. Next we present a theoretical framework to explain of career advancement and the expected value for the explanatory variables divided into three groups: gender and household; corporate culture and human capital; and spatial flexibility. In the third Section the data and methodology are described. Section four discusses the empirical results based on some descriptive statistics and is followed by a discussion of the estimation results obtained from an econometric model. The paper ends with a summary of the results and provides general conclusions in relation to policy.

## **5.2 Career advancement: theory and background**

In the past decades significant changes have taken place in the Dutch labour market. This is especially true for the position of women in the labour market. The educational level of women has risen and subsequently they have more opportunities in the labour market. Furthermore, women remain in the labour market after the birth of their first child, thereby significantly reducing the occurrence of career breaks. Partly as a result of these changes, female labour market participation rates have increased substantially. In the period 1996-2008 the number of jobs for women increased by 44 percent, whereas the number of jobs for men increased by only 14 percent (LISA News, 2009, p.7). Whereas in the 1980s the Dutch labour market was portrayed as the 'Dutch disease' due to the extremely high levels of unemployment, this turned around completely a decade later into 'the Dutch miracle'. Dutch unemployment rates have remained the lowest in Europe for almost a decade (EiE,

2008, p.37). Together with Denmark and Sweden, the Netherlands is one of the few countries that exceeded the Lisbon 2010 target of 70 percent for overall employment rate. The Dutch female participation rate is almost 70 percent and substantially above the Lisbon target of 60 percent for females.

Other significant changes are the way in which the service sector has become dominant and the flexibility on the labour market which has increased in many respects. One aspect of this flexibility is the tremendous increase in part-time jobs that are mainly taken up by the rapidly increasing number of women -especially married women- entering the labour market. Almost half of employees work part-time (less than 30 hours per week). Three-quarters of the women and one-quarter of the men work part-time, and for both groups this is about three times the European average (EiE, 2008, p.39). It is also interesting to note that only 5 percent of Dutch workers indicate that they work part-time on an involuntary basis, whereas at the European level this is more than 20 percent and for some countries it is even half the workforce that involuntarily work part-time.

Despite these changes, the position of Dutch women in the labour market deviates from the position of women in neighbouring countries. In the Netherlands women work fewer hours, regardless of educational attainment or the presence of children. We may conclude that in terms of access to jobs the Netherlands has one of the highest scores in Europe. But a very large proportion work part-time and indicate that they are happy with this arrangement. Because both men and women work part-time, the Netherlands is an ideal setting for studying the gender-specific effects of part-time work on career opportunities.

The theoretical framework captures the relation between gender, household situation and career advancement. Career advancement in this research project refers to being successful in one's career in terms of tangible outcomes, namely salary, job level and career mobility (for motivation Eddleston et al., 2004). In Section 4 we will present the results of three separate models using OLS estimations. The dependent variables of the first two models are full-time annual salary and function level in 2008. In the third model the dependent variable is career mobility which is measured as the difference in job level between 2001 and 2008. In the remainder of this Section we will describe the theoretical framework for the explanation of career advancement and the

expected relation to the explanatory variables divided into three groups: gender and household; corporate culture and human capital; and spatial flexibility.

#### *Gender, household and career advancement*

A wide range of empirical evidence suggests that women face more obstacles that hinder career advancement than men do (see, for example, Eddleston et al., 2004; Tharenou, 2005). Based on a review, Tharenou (2005) found that the barriers most often referred to are gender discrimination, male hierarchies and the lack of informal networks that help women to advance. These barriers are part of an existing male-dominated organizational structure that is challenged by the increasing number of higher-educated working women competing for career advancement. The relation between career advancement and organizational culture is discussed in the next Section.

Kottke and Agars (2005) argue that the impact of social cognitions, especially gender stereotypes and social identity, is most important to women's advancement, because they are integral to so much of the thought, behaviour and attitudes of employees. Gender discrimination is directly related to persistent stereotypes such as 'women are quitters' (Stroh et al., 1996) and 'men are more competitive and career oriented' (Van Vianen and Fischer, 2002). According to Swim et al. (1989), women are negatively affected by gender stereotypes in the evaluation of performance. This can manifest itself in lower salaries for women. Another explanation is the moderating effect of having children on career advancement, as described by Metz (2005). Because of reduced working hours women invest less in training and development opportunities and they also face the negative stereotyping of being less committed to having a career. Women are perceived to be less endowed with managerial abilities as compared to men, despite changes in perceptions over recent decades (Powell et al., 2002). Also sexism and the assumption regarding men's superior leadership capabilities are serious obstacles to women's advancement (Kottke and Agars, 2005). Kottke and Agars (2005) also discuss the impact of social identity on women's advancement. Being a member of a social group, or in this case being male or female, forms an important part of an employee's identity. This individual identity, based on a social group, can cause in-group bias and group conflict.

In the literature on gender and career advancement, family status or the work-family balance is frequently described as a barrier for women (e.g. Dykstra and

Fokkema, 2000; Kirchmeyer, 1998; Eddleston et al., 2004). Whereas men's careers often benefit from having children, because it pushes them to make career choices beneficial to their role as the main breadwinner, having children makes women less likely to pursue a career, due to the extra demands of caretaking (Tharenou et al., 1994).

In her study on the career advancement of mothers, Metz (2005) found that family responsibilities and work discontinuity are more likely to be reported as barriers by mothers, and personal traits and lack of promotion or work opportunities by non-mothers. Having children has a moderating effect on career advancement in the form of insufficient training and development opportunities and working hours. Previous studies have showed that having children can reduce the number of hours women work and the training they obtain (Metz, 2005; Tharenou et al., 1994). In addition Metz (2005) also mentions that many women perceive family responsibilities as a barrier to their advancement because of existing stereotypes among colleagues and superiors. Dykstra and Fokkema (2000) showed that the absence of household obligations, either by being single women and/or remaining childless, promotes women's occupational success. This relation between the absence of family ties and achieving occupational success is also referred to as the demographic price for success. Although one might expect singles to be more career-oriented, employees with family responsibilities are considered more stable and reliable, resulting in more career advancement compared to their single colleagues. This expectation is confirmed by Nickell (1979) and Herzog and Schlottman (1984). However, this may differ by gender. Career-oriented women tend to be single and postpone or refrain from having children (Metz, 2005). In their research on the glass ceiling and cultural preferences, Van Vianen and Fischer (2002) found that women perceived the work-home conflict as the most important barrier that prevented them from accepting a senior management position, regardless of their ambition.

Based on the foregoing considerations we will include the variable gender in the empirical analysis to test whether there are significant differences between male and female employees in terms of income, job level and career mobility. We control for differences in household formation by including two dummy variables: being single and having a dependent child younger than 13 years of age. Single women are expected to have better career opportunities than single men, and the career

opportunities of women are expected to be negatively influenced by the presence of young children.

#### *Corporate culture, human capital and career advancement*

As discussed in the previous Section, many of the barriers referred to in studies on the glass ceiling and career advancement of women relate to a male-dominated organizational culture. Although organizational cultures are based on a combination of masculine and feminine characteristics, they tend to be more masculine (e.g. Van Vianen and Fischer, 2002; Priola and Brannan, 2009; Guillaume and Pochic, 2009). Management cultures in particular are dominated by masculine norms and values such as the establishment of status and authority, hierarchical relations, the notion of a linear career path and competition. These organizational cultures form a barrier to women's careers through a process of exclusion and selection (van Vianen and Fischer, 2002). Exclusion refers to issues described in the previous Section on gender, such as gender stereotypes and prejudiced attitudes. Selection refers to selection by others, for example, male top-level managers favouring male colleagues, and self-selection. An example of self-selection is work preferences that deviate from the existing organizational structure that can result in women switching employers or rejecting opportunities for promotion. Priola and Brannan (2009) argue that leaving an organization or rejecting opportunities for promotion are forms of resistance against a masculine organizational culture. Female managers who were able to adopt and display masculine characteristics more often succeeded in being promoted to senior levels (Kerfoot and Knights, 1998; Guillaume and Pochic, 2009).

Over the course of a lifetime people invest in their human capital in different ways, starting with a general level of human capital gained through education. The accumulation of human capital acquired during a working career is comprised of sector-specific knowledge (Simpson, 1992) and enterprise-specific human capital gained through on-the-job training. Employees invest in knowledge and skills over the years, aiming to maximize the utility of this accumulated human capital (Becker, 1962). Research by Dieckhoff and Steiber (2010) showed that male employees are more likely to participate in on-the-job training than their female colleagues. Although human capital theory and gender role theory could not predict female participation in training, the researchers found that fatherhood positively influenced male participation. This can be explained by greater job attachment or job security



following from taking on the role of breadwinner. Sector- and enterprise-specific knowledge, however, can be lost as a result of job mobility. According to Van Ham (2002), employers place more value on the human capital acquired through a continuous career, and this accords with the masculine notion of a linear career. Given that women who have children during their career experience career breaks, this negatively affects the career opportunities of women with children.

Based on the preceding we include two human capital variables in our model in order to distinguish between firm-specific human capital acquired while working at the present firm, and human capital built up from job experience with other employers. Firm-specific human capital accumulation or internal work experience can be obtained directly from the data as the number of years of working with the firm (tenure). External work experience can be derived indirectly from the data set by assuming that each person started working at the same age of 20 and subtracting tenure. This implies that external job experience can be expressed as:  $\text{Age} - 20 - \text{Tenure}$ . We expect that all employees started working at about the same age, and this is a reasonable assumption because the variation in years of education is rather small as all employees have a degree from a university or college of higher education. Because some variation in the starting age is possible, in the empirical model we include external experience with a set of three dummies reflecting four intervals of external experience, ranging from less than five years, 5-15, 15-25 and more than 25 years of external experience. The minimal variation in formal education is also the reason why we do not include this variable as an explanatory variable in the empirical model. The a priori expectations for experience are not clear. On the one hand, firm-specific human capital obtained from internal experience might be more useful to the firm, but may also be less scarce and relatively easy to obtain. External experience, which might be harder to obtain, might be more useful for the firm and if this experience cannot be obtained via internal experience, it has to be sourced from outside the firm by hiring workers. This may lead to higher salaries and steeper career paths for those with more external experience.

To take into account the relation between corporate culture and career advancement we include different measures of work-time arrangements and approximations for career commitment in the model. While previous research by, for example, Donnelly (2010) has focussed on the creation of new and diverse work-time

patterns in a knowledge economy, we wish to gain insight into the consequences of these arrangements on career advancement. The relation between work-time arrangements and corporate culture is based on the barriers women face when working in male-dominated organizational structures, which are characterized by competition and linear career paths (see, for instance, Guillaume and Pochic, 2009). The combination of work and family responsibilities often results in deviating work-time arrangements for women. Combining work with family responsibilities can be achieved by working part-time or opting for other flexible work arrangements. To measure the effect of working part-time, we include working 32 hours or less a week as a dummy variable. Another possibility is working full-time (36 hours) in the form of a four-day nine-hours-a-day workweek. The main advantage of this arrangement is that it saves one day's commuting time and allows workers to spend a full day on non-job-related activities. To measure the effect of working in a flexible full-time arrangement, we include a dummy variable for all employees who work 4 days in a 36-hour workweek (4\*9). In their research on flexible contract workers, Green et al. (2010) found that flexible jobs are of lower quality, subjectively as well as objectively, for example in terms of pay. We expect that part-time workers will be paid less than full-time workers and that they experience less career advancement. Those working 4\*9 are expected to perform better than part-time workers, but below the level of full-time five-day workers, because the last-mentioned are available for five days a week. Atkinson and Hall (2009) conclude in their study on the role of gender in flexible work arrangements is that many employees do not benefit from time reduction mechanisms due to financial or career barriers. Depending on the organizational culture, these effects may differ between men and women. If it is more common for women to work part-time, the 'penalty' might be lower for women than for men. For the same reason, women who work 4\*9 may earn a higher level of regard in terms of commitment, as they are seen to be doing their very best to work full-time instead of part-time, whereas for men where the norm is to work full-time for five days, working 4\*9 can be valued negatively.

Finally we include a dummy variable to measure above-average appraisal scores and above-average sick days as proxies for career commitment. Appraisal scores range between 5 (poor work evaluation) and 1 (excellent work evaluation), so all employees with a score of 1 or 2 are considered to be above-average. The average number of sick days is 12, and because of the non-linearity of sick days we include a

dummy with the value 1 for all employees who were sick for more than 12 days in the past year. We expect for both men and women that those with higher appraisal scores will do better in terms of wages and career advancement, and those with more than average sick days will do worse. However, the magnitude of the effects may differ by gender, depending on corporate culture, although we do not have an a priori expectation about how this will be related to gender.

#### *Spatial flexibility and career advancement*

According to Van Ham (2002, Chapter 3), spatial flexibility in the form of long-distance commuting and long-distance migration is also a factor that exerts an influence on career advancement. Guillaume and Pochic (2009) found in the case of a major French utility company with its headquarters in Paris that managers are not supposed to build their career in one site, because they need to keep some distance from the local social context, showing their loyalty to the organization first. Accepting a geographical move in their career is often presented as the norm to access top executive positions and it is risky to refuse an assignment to another location. In the end working in Paris is most profitable, because the number of highly paid jobs is larger there than in other areas. Eddleston et al. (2004) developed a model to explain managerial career success using willingness to relocate as a predictor. Frequency of relocation is considered to be one of the reasons why women's managerial career advancement lags behind that of men: women, especially those with children, relocate less frequently (Bielby and Bielby, 1992; Brett, 1997; Guillaume and Pochic, 2009).

Women also have a shorter commute distance and time than men (see among others Turner and Niemeier, 1997; Camstra, 1996; Hanson and Pratt, 1988). This can be explained using the time geographical perspective, in which time is an important constraint on our spatial behaviour. Since women do a large share of the unpaid work, they have less time available for work and also for travelling to work (Hanson and Pratt, 1990). This also explains the fact that women have a greater preference for working nine hours four days a week, instead of working five days.

Spatial flexibility is included in our analysis by incorporating the kilometres travelled between home and work. We expect that those who travel longer distances will be more flexible and have more prosperous careers. Furthermore, a dummy variable is included to indicate whether the employee works in Amsterdam where

the main office is located and senior management positions are overrepresented, or elsewhere in the country. Finally, a dummy variable is included to measure whether the employee has relocated to Amsterdam in the previous seven years. Given the better career opportunities in Amsterdam, we expect that those who work in Amsterdam or have moved to Amsterdam will do better. Both in terms of (long-distance) commuting and migration, women with children are less spatially flexible than men, and this may negatively affect their opportunities for career advancement. However, Van Ham (2002, Chapter 5) found that gender differences in workplace mobility only differ for women with children, while higher-educated single women turned out to be more spatially mobile as compared with men.

### **5.3 Data and Methods**

The data used in this paper were provided by the human resources department of a large Dutch financial services company with around 30,000 employees working in the Netherlands. This is a multinational with over 100,000 employees worldwide and activities in the areas of banking, investment, life insurance, and retirement services. However, this research includes only employees working in the Netherlands. The data were derived from the personnel records and contain information on personal characteristics, such as age, marital status, number of children and age of the youngest child, and career characteristics including when employment at the firm began, work-time arrangements, appraisal scores and job location for both May 2008 and May 2001.

We focus on employees who work in middle management and higher levels, because of their high potential for promotion to senior management levels. Middle management starts at job level 9 and employees working at level 9 or higher possess a degree from a college of higher education or university. Because we are interested in career mobility among senior management staff, we selected employees who have worked for the company for at least seven years, which is a reasonable period for promotion to take place. The total number of people working for this company in May 2008 at level 9 or higher was 14,634 employees, comprising about half of the employees. Within that group 75 percent were male. The number of employees with at least seven years' tenure was 9,575, and this was 65 percent of the employees with

job level 9 and above. Among employees with seven or more years' tenure the proportion of males was also 75 percent.

To get a first feeling for the data we will start the empirical analysis with a discussion of some descriptive statistics. As a next step, career advancement is explained by means of an econometric model using personal and career characteristics as previously described. We set up three models covering different aspects of career advancement. In the first two models we give an explanation using full-time year salary and job level in May 2008. The salary of part-time workers is made comparable to full-time workers by adjusting the number of hours worked to full-time equivalence.

Formally the model is expressed as follows:

$$\begin{aligned}
 Wage = & \alpha_0 + \alpha_1 \cdot gender + \alpha_2 \cdot child < 13 + \alpha_3 \cdot single + \alpha_4 \cdot < 32hours + \alpha_5 \cdot \\
 & 4 * 9hours + \alpha_6 \cdot appraisal + \alpha_7 \cdot > 12sickdays + \alpha_8 \cdot tenure + \alpha_9 \cdot ext. experience \\
 & 5 - 15 + \alpha_{10} \cdot ext. experience_{15 - 25} + \alpha_{11} \cdot ext. experience > 25 + \alpha_{12} \cdot \\
 & commute_{30 - 50} + \alpha_{13} \cdot commute > 50km + \alpha_{14} \cdot jobnotAmsterdam + \varepsilon
 \end{aligned}$$

In the third model, the dependent variable is career mobility measured as the difference in job level between 2008 and 2001. Because we measure the difference between two periods we use a growth model, structured as follows:

$$\begin{aligned}
 \Delta Careermobility = & \alpha_0 + \alpha_1 \cdot joblevel'01 + \alpha_2 \cdot gender + \alpha_3 \cdot \Delta children + \alpha_4 \cdot \\
 & < 32hours('01-'08) + \alpha_5 \cdot \Delta fte + \alpha_6 \cdot tenure + \alpha_7 \cdot ext. experience_{5 - 15} + \alpha_8 \cdot \\
 & ext. experience_{15 - 25} + \alpha_9 \cdot ext. experience > 25 + \alpha_{10} \cdot \Delta commute(km) + \alpha_{11} \cdot \\
 & \Delta Relocate - to - Amsterdam + \varepsilon
 \end{aligned}$$

Job level in 2001 is used as a starting point as well as tenure and external job experience. We did not have data on all personal and career characteristics for 2001. Change in number of children is included in the model, as well as change in hours worked, measured in FTEs. Furthermore a dummy variable is included to measure whether someone worked part-time in both 2001 and 2008, assuming that this has not changed in the period in between 2001 and 2008. Finally, change in commuting

distance is included as well as a dummy variable to measure whether an employee has relocated to Amsterdam.

To unravel the gender differences in more detail we estimate each of the three models for the total sample with a gender dummy as one of the explanatory variables. This tells us whether there is a significant structural difference between males and females. In order to obtain insight into differences of the magnitude and significance of the effects we also estimate the models for males and females separately. Heteroskedasticity, which is a common problem for larger micro-data sets, was corrected for by using White heteroskedasticity-consistent standard errors and covariance.

## 5.4 Results

To interpret the results of modelling career advancement in terms of tangible outcomes, namely salary, job level and career mobility, we start with the discussion of some descriptives. Table 1 gives an overview of the gender-specific differences.

**Table 1 Gender-specific differences**

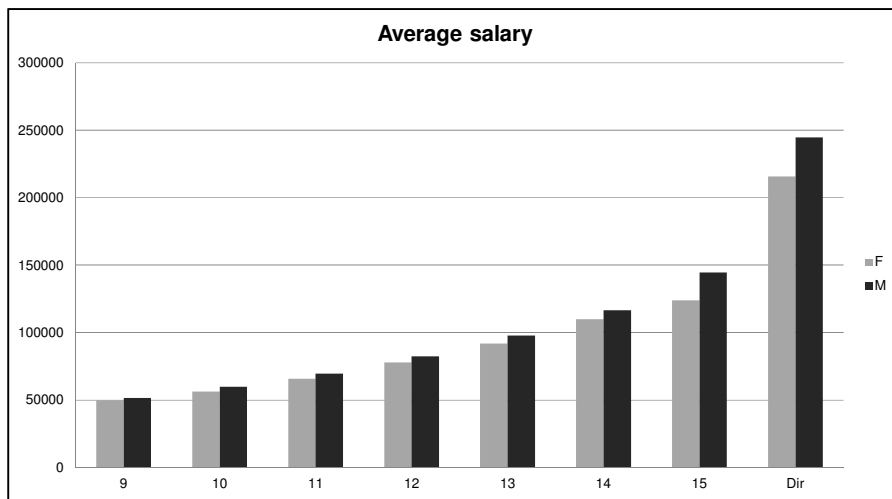
	Female Average	Male average
Salary	62,573	70,676
Job level	10.5	10.8
Career mobility	1.2	0.9
Percentage children < 13	48	39
Percentage singles	24	17
Percentage working < 32 hours	35	3
Percentage working 4*9	31	33
Percentage above-average appraisal score	28	27
Percentage > 12 sick days year	22	18
Tenure	14.6	18.5
Percentage external experience 0-5	39	40
Percentage external experience 5-10	37	29
Percentage external experience 10-15	14	17
Percentage external experience 15-25	9	13
Percentage external experience >25	1	1
Percentage commuting distance km 0-30	69	60
Percentage commuting distance km 30-50	21	24
Percentage commuting distance km >50	10	17
Percentage working in Amsterdam	55	49
Percentage relocating to Amsterdam	25	23

What is interesting to note is that although women earn less and work in lower job levels, their average career mobility is higher than the average male career mobility.

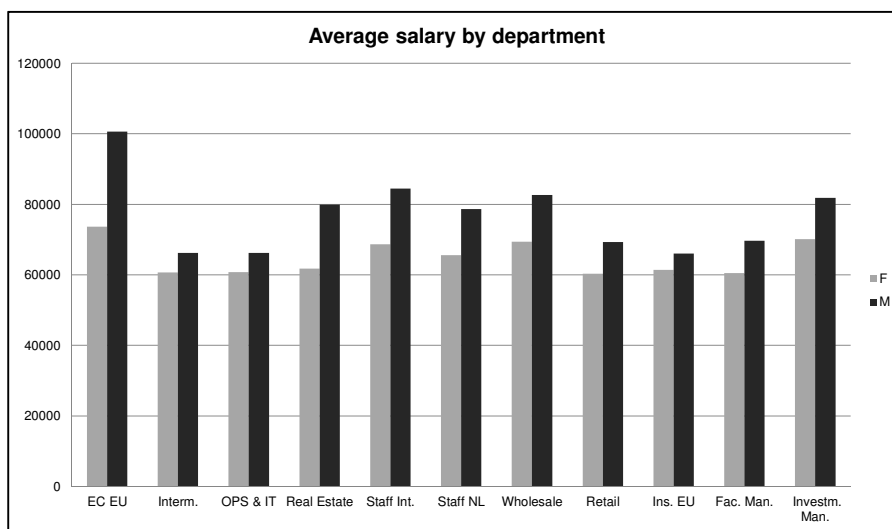
Furthermore, women are more often single, and close to 50 percent of the women have dependent children. The majority of the women deviate from the standard full-time workweek of five days, either because they work part-time or full-time for four days of nine hours, the 4\*9 model. However, one-third of the men also opt for the 4\*9 workweek. With regard to tenure and external job experience, it becomes clear that female employees are younger and subsequently have less job experience.

Next, we go into more detail to explore gender-specific differences in salary, job level and career mobility. Figures 1 shows the gender-specific differences in average full-time annual salary for the different job levels, for the different departments within the firm and for the specific retail department by job level.

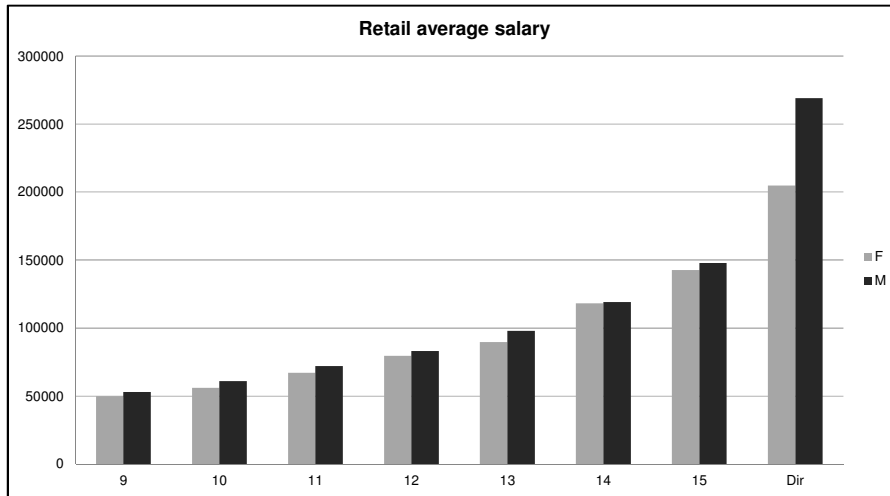
**Figure 1 Average Full-time based salary of employees per job level and department**



Source: human resources database, May 2008 n=9575



Source: human resources database, May 2008 n=9575



Source: human resources database, May 2008 n=2717

From Figure 1 it is clear that women earn less than men and that these differences increase with job levels. Figure 1 also shows that within the different departments women earn less than their male colleagues, although in some departments, for example EC EU, these differences are much larger than in others. Finally, Figure 1 shows that the pattern of average salary by job level depicted in the first graph is similar for the retail department depicted in the final graph, although the magnitudes differ.

To obtain insight into the gender-specific dynamics of job levels, we calculated a feminization rate (% women) of young, mid-career and senior managers (Guillaume and Pochic, 2009). The total number of employees in job level 15 combined with the board of directors is 145. As for the young managers, there are no male employees in these job levels, and two women work at level 15 and one on the board, both these adding up to 100percent, as Table 2 shows.

**Table 2 Feminization rate employees with 7 years tenure**

	Young managers (<35 years) (%)	Mid-career (35-44 Years) (%)	Senior managers (>45 years) (%)	Total (%)	N employees
9	39,9	38,1	20,5	30	2134
10	34,8	35,1	14,7	25,4	2719
11	39,4	36,4	14,9	26,7	2219
12	37,3	26,9	9,9	19	1344
13	40,0	25,7	10	18,4	756
14	0	18	7,9	12,8	258
15	100	6,5	3,7	6,1	115
Board	100	23,1	0	123,3	30
Total (%)	38	33,2	14,5	24,7	
N employees	965	3990	1659		9575

Source: human resources database, May 2008

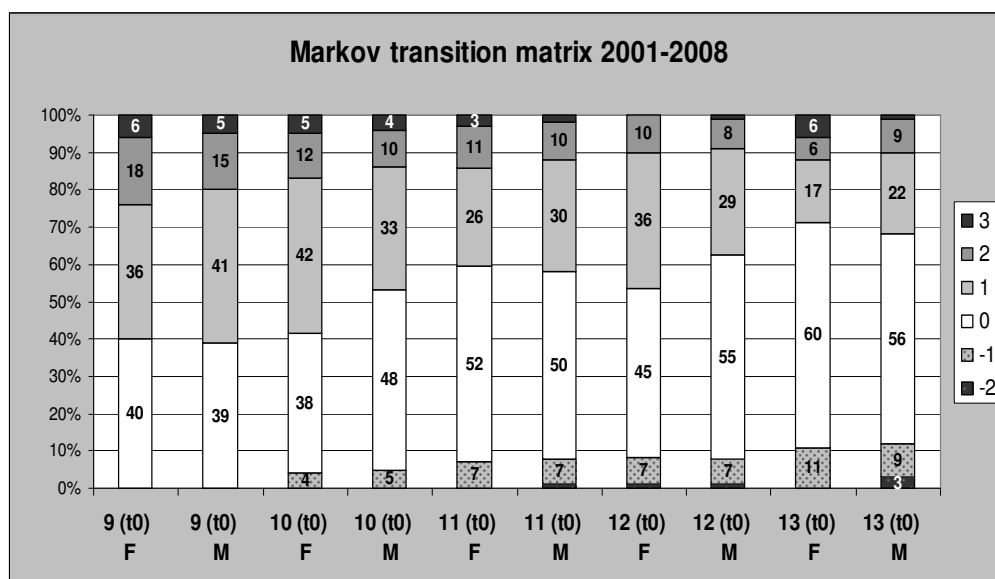


Like Guillaume and Pochic (2009), we also find that the feminization of management roles has increased considerably and that almost 40 percent of the young managers are women. Among senior managers, women make up only 15 percent and the glass ceiling becomes apparent. In particular senior female managers hardly enter the highest echelons of the company.

Finally, we explore career mobility in Figure 4, which shows an overview of the gender-specific mobility of the employees between 2001 and 2008. We focus on the middle management levels 9 up to 13, because that is where the senior managers in 2008 originated from.

What is interesting is that for both job levels 10 and 12, more women than men move into higher-level positions. Furthermore, the proportion of women moving up two or more levels is higher than the proportion of men, except for job level 13.

**Figure 4 Gender-specific proportional career mobility between 2001 and 2008**



We now turn to a discussion of the estimation results for the econometric models which explain differences in earnings, job level and career mobility. Table 3 gives the estimates for the total sample for each of the three models. The gender-specific models for salary, job level and career mobility can be found in Appendix B. Furthermore, we also estimated the three models for a selection of employees who work 4\*9 and form one-third of our sample. These employees have adopted a new work-time regime in which they benefit from a more flexible schedule while still

working full-time. These results can be found in Appendix C. The overall performance of the models explaining the salary and job level in May 2000 in terms of the adjusted  $R^2$  yields values between 0.16 and 0.19, which is in line with other studies for these types of model. The salary model has also been estimated in a logarithmic transformation and the adjusted  $R^2$  values are about 0.05 higher, but the t-values show only minor differences. We do not discuss the model with the logarithmic transformation, because the interpretation of the simple model is more straightforward: the coefficients multiplied by 1000 reflect the difference in earnings in euros.

#### *Gender, household and career advancement*

In line with the theoretical expectations and as has already become clear from the descriptive results, the econometric model in Table 3 confirms that women earn significantly less than their male colleagues, even after controlling for marital status and having a young child. There is no significant difference between men and women in the model which explains the job level at which they work. Although we know from the descriptives that more women work in middle management jobs than senior management, the possible negative effect of gender disappears in the multivariate model, most likely due to the effect of fewer years of tenure and job experience and work-time arrangements. In keeping with the conclusion derived from the univariate transition matrix in Figure 4, we found that being female has a significant positive effect on career mobility, even after taking into account tenure and job experience.

**Table 3 Multivariate OLS regression of income, job level in 2008 and career mobility**

	Salary B*	Salary t-value	Job level B*	Job level t-value	Mobility B*	Mobility t-value
Constant	53,190		10.609		4.921	
Job level 2001					-0.312	-52.01
Being Female = 1	-1,412	-2.59	0.016	0.45	0.050	2.15
Having Child < 13 = 1	2,997	6.18	0.215	6.69		
Δ Child					0.020	1.58
Being Single = 1	-4,859	-8.65	-0.329	-8.84		
Working ≤ 32 hours = 1	-10,960	-14.42	-1.000	-19.88		
Δ Part-time = 1					-0.442	-11.42
Working 4 * 9 = 1	-8,917	-19.48	-0.611	-20.17		
Δ FTE					2.067	13.65
Above-average appraisal = 1	5,318	11.35	0.353	11.40		
Being Sick ≥ 12 days = 1	-5,200	-9.94	-0.388	-11.20		
Tenure	784	26.35	0.013	6.69	-0.043	-31.85
Job exp. 5 – 15 years = 1	11,551	23.02	0.523	15.75	-0.236	-10.20
Job exp. 15 – 25 years = 1	19,274	24.86	0.635	12.37	-0.678	-18.91
Job exp. 25 + years = 1	21,612	10.67	0.667	4.98	-0.902	-10.00
Commute 30 – 50 km = 1	1,086	2.15	0.089	2.67		
Commute > 50 km = 1	2,217	3.72	0.203	5.16		
Δ Commute distance					0.003	7.95
Not in Amsterdam = 1	-6,122	-14.41	-0.496	-17.63		
Δ Relocate to Amsterdam = 1					0.161	5.80
Adjusted R Square	0.193		0.162		0.410	

\* Unstandardized

We found a negative relation between being single and income and job levels. The negative effect of being single is about twice as high for males compared with females, indicating that single men in particular are considered to be less stable and reliable. Related to the effect of being single, we found that employees with young children also earn more and work in higher job levels. The positive effect for women is substantially higher than for men. Where the men are concerned, one can make the same argument as Tharenou et al. (1994) that they make career choices beneficial to their role as provider. For women it is more likely that they postpone the birth of their first child to invest in their career opportunities first. Overall there is no significant relation between an increased number of children in the period 2001-2008 and career mobility. However, for men it appears that having more children has a positive effect on promotion, whereas for women we find a negative although insignificant effect. Apparently having more children hampers the opportunities for promotion for women more than for men.

### *Corporate culture, human capital and career advancement*

We found a strong negative significant relation between working part-time and career advancement in every aspect. Similarly, there is a negative relation between the four days of nine hours full-time arrangement and income and job level. The negative effects of working part-time are slightly higher for men than for women. In contrast to this, the negative effect of the 4\*9 arrangement is twice as high for men than for women. Apparently deviations from the masculine organizational structure where the norm is to work full-time and be committed to your career are not rewarded, but women are 'rewarded' for working full-time in a society with such a strong emphasis on caretaking responsibilities and men are 'punished' for not being available on the work floor one day a week. When we estimated the models again for the selection of employees with a 4\*9 full-time working arrangement, we found a positive effect of being female for both income and job level.

An increase in hours worked during the period 2001-2008 resulted in higher career mobility, for women a little more than for men. In accordance with the theoretical expectations, being sick more than average had a significant negative effect on income and job level, probably because of a perceived lower commitment and longer absence from work. Here too the negative effect for males is much higher than that for females. As expected, receiving above-average appraisal scores has a positive effect on income and job levels. This can be explained in part by the perceived capabilities and commitment, but also because high appraisal scores are rewarded with higher salaries. However, with regard to the effect of appraisal scores the positive effect is stronger for males than for females.

In accordance with the theoretical expectations, tenure and external job experience exert a positive significant effect on income and job level. It is also clear that additional years of internal experience have a smaller effect than more years of external experience<sup>24</sup>. However, this general pattern applies mainly to male workers. If we compare the results when the model is estimated separately for males and females, it becomes apparent that for internal experience there are no significant differences for men and women. However, only for men are the rewards for external experience substantially higher than for internal experience. For women, 5-15 years of

---

<sup>24</sup> For this comparison we need to take into account the fact that tenure is measured on a continuous scale in years and external experience is subdivided into four categories. However, if we multiply the coefficient for tenure by 10 years the corresponding amount of €7,837 is smaller than the amount of €11,551 for the category 5-15 (average about 10) years' external experience. The same conclusion can be drawn for the category 15-25 years of experience if we make the same calculation and it also applies to the outcomes for the function level.

external work experience are more or less equally rewarded compared with internal experience, but with more years of external experience the rewards diminish. More than 25 years of external experience even lead to lower additional income than 15-25 years of experience, implying that the marginal effect of a year of additional external experience becomes negative when such experience exceeds 25 years. This result may also have been caused by the fact that older women with many years of experience had fewer opportunities for promotion when they were young and were put in dead-end jobs. For males additional years of external experience continue to have a positive effect, although the marginal effect decreases slightly.

The model estimates for the job level show more or less the same gender pattern. This leads to the conclusion that for males job moves from other companies are one of the most effective means to advance a career, whereas for women internal career paths are the best way to build a career. A possible explanation for this profound gender difference might be that males coming from other companies have better bargaining positions (or bargaining skills) than internal employees eligible for promotion. It might also be that for females it is more difficult to switch companies, because they are constrained by the work-life balance (see, for example, Guillaume and Pochic, 2009). Apart from working part-time and taking care of children, women might also have limited mobility because they are much more often part of a dual-career couple. Switching jobs often requires extra effort to get acquainted with the new firm. This will be an even greater burden if the move to another firm also requires geographical relocation.

In contrast to the positive effect of experience on income and job level, more years of experience show a negative relation with career mobility, with hardly any differences by gender. The magnitude of internal experience is somewhat larger as compared with external experience. The negative relation can be explained by the dialectics of progress. The lower the job level in 2001, the more available are the opportunities for career mobility. There are far more job opportunities in middle management levels than at the senior management level. In all models, broader external experience has more favourable effects than longer internal experience, especially for males. This is probably because people coming from other companies have better bargaining positions than employees eligible for promotion within the company itself.

### *Spatial flexibility and career advancement*

We expected that those who commute longer distances will achieve a higher position because enhanced mobility is an indicator of greater flexibility and commitment. In addition, employees in higher functions with better salaries can afford to live further away from work in the suburbs in pleasant residential neighbourhoods. This expectation is confirmed in the empirical models where we did indeed find a positive significant relation between commuting distance greater than 30 kilometres and career advancement. Although the average commuting distance was slightly lower for the female employees, the estimates by gender showed that the pay-off for women was substantially higher than for men when they commute more than 50 kilometres. The general time-geography literature also confirms that women have find it more burdensome to commute longer distances to work because of the combination of work and family responsibilities. Our results suggest that women indeed are rewarded when they are prepared to commute longer distances. The model outcomes for the increase in job level show that for both men and women an increase in commuting distance has a positive effect on career mobility.

Because the board of directors and the majority of senior staff positions are located in Amsterdam, we expect that career opportunities will be better if company employees work in Amsterdam, and this expectation is confirmed by the empirical outcomes. Employees who do not work in Amsterdam do not earn as much, and work in lower job levels than their colleagues in Amsterdam, and this is also the case for the models by gender. Also the career mobility of employees who have relocated to Amsterdam is significantly higher, but in the gender-specific models this only holds for men while the coefficient for females becomes insignificant. A possible explanation might be that a substantial proportion of the women move to Amsterdam for reasons other than their own career.

## **5.5 Discussion**

The aim of this study is to gain insight into the gender-specific dynamics of career advancement. We studied gender-specific differences in career advancement in a Dutch financial services company with 30,000 employees on their payroll. This company carries out an explicit strategy of investing in gender diversity as a way of increasing corporate performance. Career advancement was measured in terms of

tangible outcomes, namely salary, current job level, and career mobility between 2001 and 2008.

Studying the dynamics of gender-specific career advancement in the Netherlands is of particular interest, because the Netherlands has clearly exceeded the Lisbon 2010 targets for overall employment rates and female employment rates, but at the same time the majority of Dutch women work part-time and the percentage of female top-level managers is low. In spite of that, financial services companies are investing in increasing the number of female managers in top-level positions to improve company performance. We explored the gender-specific career paths in a financial services company based on an analysis of almost 10,000 middle and top-level managers over the period 2001-2008. We analysed differences in salaries, job levels and career mobility by estimating models for both the total sample and by gender, including an analysis of employees who have adopted new work-time regimes by working 36 hours four days a week.

The empirical results largely confirm the theoretical expectations and findings obtained in other empirical studies. But the richness of our data set also leads to some interesting new findings. Traditional findings are that women earn less than men and attain lower job levels. We found evidence of a traditional corporate culture where 'proof' of career commitment is shown by working full-time. Additional years of experience both inside and outside the firm, higher appraisal scores and the presence of children lead to higher income and job levels, while these variables are negatively affected for singles, part-time workers or for those who work full-time over four days (4\*9) or are more often sick. Working in Amsterdam where the headquarters is located leads to better career opportunities and the same is true for those who commute greater distances.

However, when the models are estimated separately for males and females the magnitude of the coefficients shows interesting differences by gender. Factors that can be associated with the traditional masculine career pattern show a higher pay-off for males than for females, as becomes apparent from the coefficients we found for years of job experience, especially external job experience, and above-average appraisal scores. On the other hand, our results show that the presence of factors that typically constitute a burden to females in developing a career are less harmful to women's career opportunities than men's. If men work part-time or nine hours four

days a week they earn substantially lower salaries than do their full-time male colleagues, compared to salary differences between females under comparable circumstances. The penalty of being single, being employed outside Amsterdam or being sick for more than the average number of sick days is also higher for men than for women. For women the presence of young children and commuting long distances lead to more compensation in salary and job level than for men. With regard to the model that directly explains the occurrence of career moves, the most striking gender difference is found for relocation to Amsterdam. For males this significantly improves their career, whereas for females the effect is insignificant, which may suggest that females relocate to Amsterdam for other reasons than their own career.

The results have some interesting policy implications. The preference of Dutch women to work part-time and the corporate culture of working full-time in top-level positions appear irreconcilable. However, the emergence of a flexible full-time (4\*9) workweek has been shown to partly bridge this gap, although the effects appear to benefit only women. The introduction of flexible work-time regimes, in combination with redefining existing concepts of corporate culture with respect to linear career paths and job commitment, need to be considered in order to make top-level positions accessible for women.

## References

- Atkinson, C. and Hall, L. (2009). The role of gender in varying forms of flexible working. *Gender, work and Organization*, 16, 6: 650 - 666.
- Becker, G. (1962). Investment in Human Capital: A Theoretical Analysis. *The Journal of Political Economy*, 70, 5 (Nov): 9 - 49.
- Bielby, W. and Bielby, D. (1992), I will follow him: family ties, gender-role beliefs, and reluctance to relocate for a better job, *The American Journal of Sociology*, 97, 5: 1241-1267.
- Brett, J.M. (1997). Family, sex, and career advancement, In: Greenhaus, J. and Parasuraman, S. (eds), *Integrating work and family: Challenges and choices for a changing world*, Quorum books, Westport, CT, 141-153.
- Camstra, R. (1996). Commuting and gender in a lifestyle perspective. *Urban studies* 33, 2 : 283-300.



- Dieckhoff, M. and Steiber, N. (2010). A Re-assessment of common theoretical approaches to explain gender differences in continuing training participation. *British Journal of Industrial Relations*, 1-23.
- Donnelly, R. (2010). The organization of working time in the knowledge economy: An insight into working time patterns of consultants in the UK and USA. *British Journal of Industrial Relations*, 1-22.
- Dykstra, P. A. and Fokkema, T. (2000). Partner en kinderen: belemmerend of bevorderend voor beroepssucces? Beroepsmobiliteit van mannen en vrouwen met verschillende huwelijks- en ouderschapscarrières. *Mens en Maatschappij*, 75, 2.
- Eddleston, K. A., Baldridge, D. C., and Veiga, J. F. (2004). Toward modelling the predictors of managerial career success: does gender matter? *Journal of Managerial Psychology*, 19, 4: 360-385.
- Employment in Europe (2008). European Commission, Directorate-General for Employment, *Social Affairs and Equal opportunities* pp. 37 and 39 Available at: <http://ec.europa.eu/social/main.jsp?catId=119&langId=en>
- Guillaume, C. and Pochic, J. (2009). What would you sacrifice? Access to top management and the work-life balance. *Gender, Work and Organization*, 16, 1: 14 - 36.
- Green, C., Kler, P. and Leeves, G. (2010). Flexible contract workers in inferior jobs: reappraising the evidence. *British Journal of Industrial Relations*, 48,3: 605-629.
- Hanson, S. and Pratt, G. (1988). Reconceptualizing the Links between Home and Work in Urban Geography. *Economic Geography*, 64, 4: 299-321.
- Hanson, S. and Pratt, G. (1990). Geographic perspectives on the occupational segregation of women. *National Geographic review*, 6: 4.
- Herzog, H.W. Jr. and Schlottmann, A.M. (1984). Labor Force Mobility in the United States: Migration, Unemployment, and Remigration. *International Regional Science Review*, 19: 43-58.
- Kerfoot, D and Knights, D. (1998). Managing Masculinity in contemporary organizational life: a managerial project. *Organization*, 5, 1: 7-26.
- Kirchmeyer, C. (1998). Determinants of managerial career success: evidence and explanation of male/female differences. *Journal of Management*, 20, 6: 673-692.
- Kottke, J. L. and Agars, M. D. (2005). Understanding the processes that facilitate and hinder efforts to advance women in organizations. *Career Development International*, 10, 3: 190-202.
- LISA news (2009). *Vrouwen aan het werk!* Available at: <http://www.lisa.nl> 14, June 2009: 7.
- Merens and Hermans (red.) (2008) *Emancipation Monitor*, The Netherlands Institute for Social Research. Available at: <http://www.scp.nl/english/dsresource?objectid=22091&type=org>

- Metz, I. (2005). Advancing the careers of women with children. *Career Development International*, 10, 3: 228-245.
- Nickell, S. (1979). Estimating the probability of leaving unemployment. *Econometrica*, 47, 1: 249-64.
- Powell, G.N., Butterfield, D.A., and Parent, J.D. (2002). Gender and managerial stereotypes: Have the times changed? *Journal of Management*, 28, 2: 177-193.
- Priola, V. and Brannan, M. J. (2009). Between a rock and a hard place; Exploring women's experiences of participation and progress in managerial careers. *Equal Opportunities International*, 28, 5: 378-397.
- Simpson, W. (1992). *Urban structure and the labour market: Worker mobility, commuting and underemployment in cities*. Oxford: Clarendon Press.
- Stroh, L. K., Brett, J. M., and Reilly, A. H. (1996). Family structure, glass ceiling, and traditional explanations for the differential rate of turnover of female and male managers. *Journal of Vocational Behavior*, 49: 99-118.
- Swim, J., Borgida, E., Maruyama, G., and Meyers, D.G. (1989). Joan McKay versus John McKay: Do gender stereotypes bias evaluations? *Psychological Bulletin*, 105, 3: 409-429.
- Tharenou, P. (2005). Does mentor support increase women's career advancement more than men's? The differential effects of career and psychosocial support. *Australian Journal of Management*, 30, 1: 77-109.
- Tharenou, P., Latimer, S., and Conroy, D. (1994). How do you make it to the top? An examination of influences on women's and men's managerial advancement. *Academy of Management Journal*, 37, 4: 899-931.
- Turner, T. and Niemeier, D. (1997). Travel to work and household responsibility: new evidence. *Transportation*, 24, 4: 397-419.
- Van Ham, M. (2002). *Job access, workplace mobility, and occupational achievement*. Eburon Publishers, Delft.
- Van Vianen, A. E. M. and Fischer, A. H. (2002). Illuminating the glass ceiling: The role of organizational cultural preferences. *Journal of Occupational and Organizational Psychology*, 75: 315-337.
- Vlasblom, J. D. and Schippers, J. J. (2004). Increases in female labour force participation in Europe: similarities and differences. *European Journal of Population* 20, 4: 375-392.

