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Gaps in female labor participation and pay equity: the impact of cultural variables

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Abstract

Purpose – This study aims to address gender gaps in labor participation and earned income. The paper assesses the role of education and cultural dimensions in impacting female labor indicators. The paper tests two separate models predicting female labor participation as a percentage of male participation (FPM) and female earned income as a percentage of male earned income (FIM) across 59 nations.

Design/methodology/approach – Data were taken from those published by World Bank and International Labor Organization, in addition to the GLOBE study. The paper relies on relationships among such data to assess the hypotheses under investigation.

Findings – FPM was explained by institutional collectivism, gender egalitarianism, and education. FIM was explained by gender egalitarianism and institutional collectivism. Contrary to expectations, in-group collectivism was not found to be a predictor in this model. Based on earlier research and this study, the paper presents the “female labor indicators model”.

Research limitations/implications – More data need to be collected about gender-related attitudes and behaviors from a larger number of countries. There is also a need to collect culture data at the individual level not only at the country level. The model that the paper presents – explaining gaps in female participation and pay – deserves additional research support.

Practical implications – There is a need for practitioners to be conscious of hidden forces that work against women who aspire to work despite their high educational levels. Improving women’s labor conditions requires a concerted effort from many parties including government and private sector.

Originality/value – The link between GLOBE’s cultural dimensions and female labor indicators has not been sufficiently addressed in prior research. The paper suggests that explaining deficits in female labor indicators requires looking past economic and demographic variables into institutional and cultural factors. The paper presents a comprehensive model that helps in explaining gender gaps in participation and pay.

Keywords Education, Collectivism, Female labor indicators, GLOBE study, Individualism, Institutional collectivism, Gender egalitarianism, In-group collectivism, Female labor participation, Pay equity, Cultural values

Paper type Research paper

Introduction

Female labor participation and pay equity have attracted the attention of researchers and practitioners over the past few decades. International firms, operating under various regulatory and cultural contexts, have to continuously deal with the challenge of having a fair and equitable work system for both males and females. Persisting

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significant gaps in participation and pay have prompted researchers to work on uncovering the real causes behind those disparities. The specific link between cultural variables and those gaps has been under-theorized. Accordingly, this study attempts to link GLOBE's cultural dimensions (House *et al.*, 2004) to female labor indicators. Specifically, this paper addresses the role of collectivism, gender egalitarianism, and education on female labor participation and pay equity. Such a link has not been sufficiently addressed in prior literature.

Prior research has attempted to explain changes and discrepancies in female labor participation. Demographic factors, such as marriage, fertility, and divorce rates are major contributors. For example, many studies have uncovered a link between fertility rates and female labor participation (Bloom *et al.*, 2009). Other studies uncovered a role for marital status of women (Van Der Klaauw, 1996), working age population structure (Bloom *et al.*, 2009), urbanization (Psacharopoulos and Tzannatos, 1989), status of household head (Contreras *et al.*, 2011), and divorce rates (Eckstein and Lifshitz, 2011). Economic factors, such as national incomes, wages, part-time opportunities, demand for female labor, economic uncertainties, economic development, and labor experiences, have also been found to be relevant (Semyonov, 1980; Edwards and Roberts, 1992; Goldin, 1995). Other explanatory variables include the regulatory context encompassing family and childcare policies, tax regimes, and presence of subsidized health-care for workers and non-workers (Sundström and Stafford, 1992; Chou and Staiger, 2001; Jaumotte, 2003). Social factors that have also been found to explain female labor participation include sex-role attitudes, access to social capital such as friend networks (Aguilera, 2002), and cultural dimensions (Clark *et al.*, 1991).

Although gender pay inequity has been decreasing in industrialized societies (Levine, 2004; Blau and Kahn, 2007), it is still a persistent problem (Konrad *et al.*, 2012; Whitehouse, 2003). This can be partially explained by human capital differences between males and females (Smith *et al.*, 2011). These represent supply-side variables reflected in personal investment in education, training, experience, and continuous development (Travis *et al.*, 2009). Women have habitually pursued traditional educational attainment levels and specializations. In addition, they have unique career choices, often interrupted, and shorter tenures compared to their male counterparts (Jamali *et al.*, 2008). Moreover, women's expected family responsibilities prompt them, according to such perspective, to invest less in pertinent education and training. Women on average amass truncated work experiences and thus are not able to build up relevant experience (Blau and Kahn, 2007). Such lower human capital investment diminishes their productivity and subsequently their earnings compared to men (Levine, 2004).

Gender pay disparity can also be explained by gender segregation by occupation. Women have traditionally been attracted – or directed – to low-paying “female jobs” (Blau and Kahn, 2007), such as school teaching, and are often underrepresented in higher paying jobs, such as engineering. This limits opportunities for females to build non-traditional career paths. Female-typed jobs often pay less than other male-dominated jobs (Hegewisch *et al.*, 2010). Moreover, some organizational processes, such as recruitment and hiring, direct women into certain posts that command lower wages (Bridges and Villemez, 1994).

Differences in women's skills, experiences, and work occupations do not explain all variance in participation and pay. There are contexts where improvements in

women's skills, experiences, and career paths are not sufficiently narrowing those gaps (Nopo *et al.*, 2011). In this study, we go beyond economic and demographic factors to include cultural value systems. Interest in cultural dynamics, and how they impact gender stereotypes and practices, is not something new (Hofstede, 2001; House *et al.*, 2004). National culture has been linked to gender stereotypes (Elsaid and Elsaid, 2012), sex role ideology (Williams and Best, 1990), and gender differences in personality traits (Costa *et al.*, 2001). Yet there are no developed models that explain why women participate more in the workplace in some countries than in others, or why there are discrepancies in their pay. This paper strives to explain such disparities using an institutional perspective.

Theoretical background and hypotheses

Using an institutional lens (Scott, 2008), we assert that gaps can be explained through looking at cognitive, normative, and regulatory contexts that dominate different countries. In explaining female labor indicators, we concentrate on education as part of the cognitive context, and cultural values as part of the normative context. The reason for choosing education is because prior research has uncovered a relationship between societal educational attainments and a concern for gender role equality (Parboteeah *et al.*, 2008). The choice of cultural variables is warranted by their function in specifying societal roles and guiding behaviors.

The cognitive context

Cognitive institutions shape and impact behavior through developing a certain taken-for-granted understanding of how things should operate within a given society (Scott, 2008). Such institutions represent "axiomatic beliefs" about expected behaviors particular to a culture (Manolova *et al.*, 2008). Religious and educational establishments represent important cognitive institutions within any one society. In this study, we are interested in the role of education as a predictor of female labor indicators.

Education. The role of education in impacting female participation has attracted the attention of researchers (Euwals *et al.*, 2011). One rationalization for this link is that women's acquisition of new knowledge helps build their awareness giving them access to wider work opportunities. Education brings higher awareness *vis-à-vis* the contribution of men and women as members of society. While benefits of education for women's empowerment are obvious and well-documented, the relationship between education and female labor participation is not consistent across all countries (Psacharopoulos and Tzannatos, 1989). On the one hand, education was one important factor behind the increase of female labor participation in some countries such as the USA after Second World War (Dubeck and Borman, 1996), Chile (Contreras and Plaza, 2010), and Taiwan (Cheng, 1999). On the other hand, some anomalies exist in such countries as Iran (Rezai-Rashti, 2011) and India (Mitra and Singh, 2006).

While it would be expected that gaps in earned income would also decrease because of better education, Bobbitt-Zeher (2007) suggested that income gaps continue to exist despite better education. In that regard, one has to distinguish between female education and general education. Most studies, as discussed above, have referred to the role of female education in impacting female labor indicators. Female education increases the repertoire of skills that women have and introduces them to more

diverse career paths. The impact of general education on female labor indicators (relative to males) deserves more research attention.

We expect that a general increase in education would lead to higher levels of female earned income. So we are hypothesizing in regards to the general level of education in each country, not only to female education. Our rationale is that general education in a specific country, for males and females, is likely to impact labor indicators. With education comes better awareness as to the role of women in societal development. In addition, education opens new doors for women's involvement in non-traditional sectors and increases women's access to new opportunities, skills, and job positions which are associated with higher pay. Accordingly:

- H1. The higher the level of education, the higher is the level of (a) female labor participation as a percentage of male's labor participation (FPM) and (b) female earned income as a percentage of male earned income (FIM).

Normative context

Scott (2008) indicates that normative systems include both values and norms. Values and norms put constraints on social behavior, but they also facilitate social action. Normative structures present "values and norms held by the individuals in a given country," (Kostova, 1999, p. 314), and thus it can be envisaged to be represented by the concept of national culture (Busenitz *et al.*, 2000). Values and norms enable the activation of specific roles for societal actors and, when applied to female work, they are expected to impact how agents make decisions regarding recruitment, placement, and compensation for female workers.

The impact of national culture on people's attitudes and behaviors and HR practices has been noted in past literature (Chand and Ghorbani, 2011). More specifically, cultural variables have been suggested to contribute to changes in female labor participation (Euwals *et al.*, 2011). As cultural factors impact female labor indicators, we draw a link between two dimensions of culture, as outlined by the GLOBE leadership study (House *et al.*, 2004), on FPM and FIM. The study distinguished between cultural values (way things should be) and cultural practices (way things are). The dimensions of culture were power distance, uncertainty avoidance, humane orientation, institutional collectivism, in-group collectivism, assertiveness, gender egalitarianism, future orientation, and performance orientation. In our study, we are interested in assessing certain values (should be) rather than practices (as is) for certain cultural dimensions and their link with female labor indicators. While the GLOBE dimensions have received lots of recent attention, little consideration has been given to the potential relationship between culture measures and gender indicators. Despite the fact that gender related indicators, the multitude of factors that are at play complicate such relationships. First, not all dimensions of culture are necessarily expected to impact gender related work indicators. Second, even if we are able to pinpoint specific cultural dimensions that impact those two indicators, those dimensions will be a few among many other antecedents. Such complexity should not – of course – limit the exploration of cultural constructs which play a certain role in limiting or advancing women's presence in the labor force. Based on a careful reading of those dimensions and related literature, we hypothesize that two cultural dimensions stand out. The first is gender egalitarianism and the other is collectivism.

Gender egalitarianism. According to the GLOBE study, gender egalitarianism refers to the degree to which societies and/or organizations minimize gender inequalities. Enrich *et al.* (2004) propose two components of gender egalitarianism: the attitudinal and the behavioral. As the GLOBE study assessed values and practices, it is understood that the attitudinal component refers to values and the behavioral component refers to practices. Discrimination and inequality stems, at least in part, from specific gender stereotypes and gender-role ideologies that direct people's behaviors and in effect lead to societal and work-related gender gaps. The authors talk about cultural drivers of gender egalitarianism which include parental involvement, religion, economic development, social structure, and political systems. The attitudinal component which comprises values is expected, in our assessment, to impact levels of female labor participation. We argue that values emphasizing distinct gender roles for men and women, that males are fit for specific jobs which females are not equipped to assume and vice versa, will eventually impact female labor participation. This is because the field of work has long been assumed by some societies to belong to the domain of "man" and accordingly roadblocks would be put in front of women's work involvement. In addition, such societies will tolerate pay discrepancies which are in line with societal expectations. Accordingly:

H2. The higher the level of gender egalitarianism (values), the higher the level of (a) FPM and (b) FIM.

Collectivism. Collectivism refers to values that emphasize strong integrated in-groups to which individuals turn to for protection and reciprocate by giving them indisputable loyalty (Hofstede, 2001). This is in contrast to individualism where relations among peoples are looser and attention is mostly given to one's immediate family. The GLOBE project differentiates between two types of collectivism, institutional collectivism and in-group collectivism. Institutional collectivism refers to contexts where "institutional practices encourage and reward collective action" (House *et al.*, 2004, p. 463). Group loyalty takes precedence over individual goals and group harmony is cherished over individuality. In-group collectivism refers to the degree to which people value belongingness to their families and to which they appreciate strong connections and dependence on them. In societies characterized by high in-group collectivism, people take pride in their parents' accomplishments and vice versa.

Members of collective societies tend to be integrated into strong cohesive units (House *et al.*, 2004). Individuals have a sense of belonging to a group and accordingly such belongingness overpowers other affiliations. Williams and Best (1990), for example, uncovered a relationship between countries that were characterized by individualism and liberal gender role attitudes. Gibbons *et al.* (1997) indicate that gender role attitudes generally reflect cultural values; the individualism-collectivism construct plays a role in that regards. Respondents from collective societies held more traditional gender values. In some collective cultures, egalitarianism is frowned upon and societal pressures are exerted to abide by traditional gender roles (Rajadhyaksha and Velgach, 2009). Dohi and Fooladi (2008) indicate that collectivism in Japan reinforces gender inequality in employment and pay gaps as the collectivist structures define the family unit comprising of man as breadwinner and woman as a housewife thus reaffirming traditional gender roles. Sun *et al.* (2004) found that individuals from

collectivist cultures tended to be more conservative in their gender role attitudes. For the specific case of in-group collectivism it would thus be expected:

- H3. The higher the level of in-group collectivism (values), the lower the level of (a) FPM and (b) FIM.

The second collectivism measure is related to contexts where people value a degree of interdependency with others with an emphasis on collective distribution of resources and group performance and rewards (House *et al.*, 2004). In a context where importance is given to the general collective unit, individual interests take a second priority (Roth *et al.*, 2011). It is thus expected that women's causes in such contexts would take less primacy in favor of the collective interest. They would dislike disrupting social harmony and prefer to preserve practices that are in line with group goals and cherished traditions. Such an outlook sometimes works negatively against women's causes where the individual wellness of certain members is expected to be subjugated to group norms. In an environment where collective group norms emphasize gender role stereotypes and a repressive gender ideology, disrupting the status quo runs against collective interests and accordingly would be resisted. Members of collective cultures have been reported to be more tolerant of sexual harassment incidences (Merkin, 2009) and are less likely to blow the whistle on wrongdoing (Patel, 2003; Sims and Keenan, 1999). This is the case as members of collective cultures value internal harmony and tend to cover up the flaws of others. We hypothesize, accordingly, that members of collective cultures are more tolerant of gender gaps in wages and participation:

- H4. The higher the level of institutional collectivism (values), the lower the level of (a) FPM and (b) FIM.

Methods

Measures

Data were taken from those published by the World Bank and International Labor Organization (ILO), in addition to the GLOBE study. The use of three distinct data sources was deemed necessary to capture all the variables under study. The education index was taken from Human Development Reports (HDR, 2007/2008, 2009, 2010) and is calculated through combining two indicators, adult literacy rates and gross school enrolment (HDR, 2007/2008). FPM was calculated from labor participation reports by the ILO (2011). Labor force participation rates comprise the percentage of working-age population (ages 15-64) who are actively engaged in the labor market or actively seeking to work (ILO, 2011; HDR, 2010). Dividing female labor participation by the male labor participation rate in any one country yields FPM. FPM is a useful indicator for comparative purposes and is a better indicator than absolute female participation rates. FIM is computed by dividing female earned income by male earned income for each country (HDR, 2007/2008). This is a better indicator as it shows changes not only in relation to how females' incomes change in absolute terms but also in comparison with males' earned incomes. Cultural variables were obtained from the GLOBE study (House *et al.*, 2004) which reported findings for nine attributes across 62 countries; each country was given an index that shows its position compared to others on every dimension. Out of those, we were able to identify 59 countries to which all relevant labor indicators were available.

Data analysis

As with many studies in international business, making cross-cultural analyses based on country comparisons are bound to face constraints of small sample represented by the number of countries to which data are available. Similar to other cross-cultural studies, the GLOBE study countries do not represent – strictly speaking – a sample as they represent most of the world's population and the indexes are based on thousands of surveys collected (Husted, 1999). In addition, in models where we have a small number of predictor variables, the small sample size represented by the number of countries does not pose a problem. Harris's (1985) formula for determining the minimum number of cases can be used, which is determined by the number of predictor variables (including correlations) plus 50 which in our case yields a desired sample size of about 55 (Van Voorhis and Morgan, 2007). In any case, care has to be taken in this regard to avert issues of misinterpretation. Descriptive statistics, correlations, and regressions were used to analyze the data.

Means, standard deviations, and correlations of variables under study are presented in Table I. The correlation matrix shows that FPM correlates with education, FIM, institutional collectivism, and gender egalitarianism. FIM correlates with education, FPM, institutional collectivism, and gender egalitarianism. The two measures of collectivism correlate with one another but neither correlates with gender egalitarianism. Regressions were also conducted as explained in the next section.

Results*FPM*

A regression was run that included education, institutional collectivism, in-group collectivism, and gender egalitarianism values (should be), with FPM as the dependent variable. All the predictors were significant except for in-group collectivism. This led to support for the FPM component of *H1*, *H2*, and *H4* while the FPM component of *H3* was not supported. A significant model emerged with an adjusted $R^2 = 0.554$, $F(4, 53) = 18.735$, $p < 0.0001$. Table II provides information for the predictor variables.

A step-wise regression was conducted on the data excluding in-group collectivism in order to determine the order in which the variables entered in the model. A significant model emerged with an adjusted $R^2 = 0.559$, $F(3, 53) = 25.069$, $p < 0.0001$. The results of the regression are presented in Table III.

The results show that after the exclusion of in-group collectivism, no dramatic changes are apparent in the regression coefficients, which is an indicator of the stability of coefficients.

Variable	Mean	SD	1	2	3	4	5
Education	0.65	0.21	1				
FPM	0.72	0.17	0.571*	1			
FIM	0.55	0.14	0.407*	0.84*	1		
GLOBE IC	4.73	0.51	-0.462*	-0.573*	-0.411*	1	
GLOBE IGC	5.62586	0.40	-0.246	-0.179	-0.048	0.36*	1
Gender EGA	4.48	0.50	0.201	0.457*	0.486*	0.002	0.245

Note: Significant at: * $p < 0.01$

Table I.
Descriptive statistics
and correlations

FIM

Similar to FPM, another regression was run that included education, institutional collectivism, in-group collectivism, and gender egalitarianism values (should be) with FIM as the dependent variable. All the predictors were significant except for education and in-group collectivism. This led to support the FIM component of *H2* and *H4* while the FIM component of *H1* and *H3* was not supported. A significant model emerged with an adjusted $R^2 = 0.374$, $F(4, 53) = 9.504$, $p < 0.0001$. Table IV provides information for the predictor variables.

A step-wise regression was conducted on the data excluding in-group collectivism and education in order to determine the order in which the variables entered in the model. A significant model emerged with an adjusted $R^2 = 0.394$, $F(2, 55) = 19.517$, $p < 0.0001$. The results of the regression are presented in Table V.

An analysis was conducted for any outliers that may have an impact on the data, and none were identified (beyond three standard deviations). There were four cases, however, which lay beyond two standard deviations for each of FPM and FIM. In the case of FPM, China and Thailand were more than two standard deviations above the mean, while India and Turkey were more than two standard deviations

Variable	B	SE B	β	Tolerance	VIF
Education	0.165	0.079	0.215*	0.735	1.360
Institutional Collectivism	-0.145	0.033	-0.457**	0.729	1.371
In-Group Collectivism	-0.027	0.039	-0.068	0.794	1.260
Gender Egalitarianism	0.142	0.031	0.438**	0.878	1.139

Notes: Significant at: * $p < 0.05$ and ** $p < 0.01$; dependent variable FPM

Table II.
Results of
regression analysis

Variable	B	SE B	β	Tolerance	VIF
Institutional Collectivism	-0.151	0.031	-0.476**	0.789	1.268
Gender Egalitarianism	0.136	0.029	0.421**	0.944	1.059
Education	0.174	0.078	0.227*	0.757	1.321

Notes: Significant at: * $p < 0.05$ and ** $p < 0.01$; dependent variable FPM

Table III.
Results of second
regression analysis

Variable	B	SE B	β	Tolerance	VIF
Education	0.038	0.080	0.057	0.735	1.360
Institutional Collectivism	-0.107	0.033	-0.396**	0.729	1.371
In-Group Collectivism	-0.001	0.040	-0.004	0.794	1.260
Gender Egalitarianism	0.134	0.031	0.484**	0.878	1.139

Notes: Significant at: * $p < 0.05$ and ** $p < 0.01$; dependent variable FIM

Table IV.
Results of
regression analysis

below the mean. In the case of FIM, China and Zimbabwe were more than two standard deviations above the mean, while India and Turkey were again more than two standard deviations below the mean. In the discussion section below we explore three countries which appeared in both cases: China, India, and Turkey.

Discussion

To our knowledge, this is the first study to link education and cultural dimensions to female labor indicators of participation and earned income (Table VI summarizes the findings). Education is a good predictor of FPM but not FIM. It seems that education raises the general awareness about the importance of including all members of society into work activities. Education does not only increase participation for all members of society in absolute terms, but it also increases female participation as a percentage of male participation. In addition, increased education raises the skills of females opening up new opportunities for them. The finding that education does not predict well FIM, suggests the existence of severe institutional barriers which limit the ability for female earnings to increase in a meaningful way. The human capital perspective, specifically as it relates to the role of education in explaining pay disparities, was not supported in this study. It could be argued that development in educational opportunities do not necessarily mean that women have better access to accumulated experiences and training opportunities. This means that education alone is not sufficient for changing female pay; it should be supplemented by means to translate this education into meaningful work experiences. In addition, it is not education *per se* which is important. The type of education and which educational specializations are sought by men and women present vital areas that could explain pay disparities. With higher levels of education, women become more involved in the workplace and their participation rates increase. Yet, the specializations that they pursue dictate what type of jobs they will

Table V.
Results of second regression analysis

Variable	B	SE B	β	Tolerance	VIF
Gender Egalitarianism	0.137	0.029	0.495*	1	1
Institutional Collectivism	-0.114	0.028	-0.423*	1	1

Notes: Significant at: * $p < 0.01$; dependent variable FIM

Table VI.
Summary of the hypothesized relationships

Hypothesis	Hypothesized relationship	Finding
H1	(a) Education → FPM (b) Education → FIM	Supported Not supported
H2	(a) Gender egalitarianism → FPM (b) Gender egalitarianism → FIM	Supported Supported
H3	(a) In-group collectivism → FPM (b) In-group collectivism → FIM	Not supported Not supported
H4	(a) Institutional collectivism → FPM (b) Institutional collectivism → FIM	Supported Supported

end up with and, subsequently, the level of wages that they will command in the marketplace. Future research thus could look deeper into the relationships between specializations sought by females and female labor indicators. Future research could also uncover which roadblocks exist in which contexts and the mechanisms by which these limit improvements in pay equity.

As expected, gender egalitarianism is associated with higher levels of both FPM and FIM. This is in line with the understanding of gender egalitarianism as a construct. In societies where the prevailing attitudes are supportive of fairness towards both males and females, people are expected to translate those attitudes into behaviors that reflect those positions. In egalitarian societies, gender stereotypes do not exist to the same extent as non-egalitarian societies. While this is not an either/or type of situation, women's labor force participation is expected to be more facilitated in egalitarian societies. Moreover, in those societies, women and men do not have specific exclusive roles that limit them from entering into each other's spheres. Egalitarian societies are open to giving women more opportunities to work in non-traditional domains allowing them access to higher paying job opportunities. An area of further investigation is to examine gender stereotypes in egalitarian versus non-egalitarian societies and uncover their impact on female labor participation rates and pay equity.

In-group collectivism did not emerge as a good predictor of FPM nor of FIM. Brewer and Venaik (2011) discuss the concept of "in-group" collectivism and assert that it should be better termed as family collectivism. It seems that the authors by relabeling the description of in-group collectivism to family collectivism, they are – in effect – redefining this dimension and emptying it to a certain extent of collectivism as traditionally understood. Collectivism customarily means "a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (Hofstede and Hofstede, 2005, p. 399). The in-group according to Hofstede is evidently different from the in-group (family) according to GLOBE, as the former definition could be much bigger than the family to include an extended clan or tribe. Thus, agreeing with Brewer and Venaik's (2011) assertion, we can understand why family collectivism did not explain FPM or FIM. High levels of institutional collectivism were, however, found to explain low levels of FPM and FIM. This is in line with the earlier remarks concerning the notion that when some societies emphasize interests of the collective unit, individual interests (including those of sub-groups such as women) assume a secondary priority.

Three countries appeared as outliers (within two standard deviations) in both analyses of FPM and FIM: China, India, and Turkey. We conjecture that there are certain institutional factors in each country which have prompted it to behave in such a manner. First, China presents an interesting case as this traditional society has been undergoing major socio-cultural transformations (Zhang and Zheng, 2009). Partly because of cultural exchange and partly because of aggressive domestic legislation, China has been able to create improvements in the status of female workers in terms of participation and fair wages. The governmental initiative of creating a "socialist harmonious society" seems to be benefiting women in this regard (Burnett, 2010). Despite the persistent disparities, there has been a positive role for the state in advancing women's employment since the establishment of Communist China in 1949 (Cooke, 2001).

For India, it is likely the case that there are other cultural variables, not captured by gender egalitarianism or institutional collectivism that impact women's participation rate. There is a host of social and economic factors that are likely to have impact on female labor participation in India (Desai *et al.*, 2011). Some authors attribute the negative position of female labor force in India to International Monetary Fund structural policy adjustments implemented which have led to reduced opportunities for women and reinforcement of their traditional roles (Saadatmand *et al.*, 2007). Some researchers have discussed what is known as "the Kerala puzzle" where a paradox exists between high educational attainment on the one hand, and low unemployment on the other hand (Mitra and Singh, 2006). This paradox is attributed to social norms that direct women into certain fields of study reinforcing traditional roles in the house which do not match labor market requirements. There seems to be a shortage of white-collar professional jobs with a vast supply of females with liberal arts education (Mitra and Singh, 2006). While Kerala could be considered an outlier even within India, it is a good indicator that some hidden social variables not captured by cultural dimensions may account for the loss in female labor participation.

Consistent with our findings, Bugra and Yakut-Cakar (2010) acknowledge that Turkey is indeed an exception to worldwide trends in female labor participation. There seems to be a social policy environment that is not conducive to female work; social assistance measures that specifically target women frame them into a position of welfare receivers rather than labor market participants (Pateman, 1988). Likewise, Cudeville and Gurbuzer (2010) indicate that Turkey, as far as women's work is concerned, is indeed an outlier case given its labor market structure. Muftuler-Bac (1999) discusses the amalgamation of three unique influences in the Turkish society that give it its uniqueness: the Mediterranean culture, religious traditions, and the Kemalist ideology. These three work together to give Turkey its paradoxical position as far as women's accomplishments are concerned. Burke *et al.* (2012) assert that Turkey, despite legislation that supports women's equality, still has a long way to go regarding women's equitable involvement in the workplace.

Conclusion

The above study made a link between some of the relevant GLOBE's cultural dimensions (values) and female labor participation indicators. In addition the role of education was examined not only in terms of improving females' participation and pay in absolute terms, but also in terms of elevating such indicators relative to males. The above findings can be corroborated as more data are collected about gender related attitudes and behaviors from a larger number of countries and world populations. This requires an extension of GLOBE and similar studies to regions which are underrepresented (such as African countries). In addition, there is a continuing need to collect culture data at the individual level not only at the country level. This approach would help in understanding influences particular to a specific country versus those which are more universal. There is a need for practitioners to be conscious of hidden forces that work against women who aspire to work despite their high educational levels. It is incumbent upon managers and policy-makers to realize that women's participation in the workforce cannot be solved by education alone. Improving women's labor conditions requires a concerted effort from many parties

including government and the private sector. In the case of pay equity, this study illuminates on the puzzle often associated with the inability of societies to reduce the gender pay gap despite sizable improvements in education. This hints to the need to initiate proactive efforts, at the legislative and business levels, not waiting for problems to be solved on their own.

The general theoretical contribution of this study goes beyond establishing the above relationships. We have demonstrated that explaining deficits in female labor indicators requires looking past economic and demographic factors which have mostly preoccupied researchers. Increasing female labor participation and reducing pay disparities require a combination of education (for participation) and conducive cultural dimensions (for participation and pay equity). Moreover, the analysis of the outliers is intriguing. It indicates that some countries, such as China, are able to overcome cultural constraints through proactive measures. These would include legislative processes, aggressive governmental policies, and other related initiatives.

We suggest that research on female labor indicators can be organized in a manner suggested in Figure 1. First, an institutional perspective, which includes the cognitive, normative, and regulatory factors, helps in explaining variances in female labor participation rates and pay disparities. Of particular interest in this study were specific cultural dimensions and cultural institutions. Second are economic factors which include macro-economic indicators such as levels of economic development and unemployment rates (Goldin, 1995; Euwals *et al.*, 2011). Structure of jobs within a given society and levels of occupational segregation also play a role in this regard (Hegewisch *et al.*, 2010). Third are demographic factors, which include marriage and fertility rates in addition to human capital differences between men and women in terms of education, level of training, and average work experiences (Van Der Klaauw, 1996; Bloom *et al.*, 2009; Contreras *et al.*, 2011). In sum, female labor participation and pay equity represent multi-faceted issues that require a look at a host of explanatory variables. These factors work together to determine the extent to which women actively participate in the labor market and the extent to which they seize a fair portion of pay. Researchers are invited to test the advanced model and refine it for better understanding of the forces at play.

This study and the presented model have significant implications for organizational practice. While there may be certain economic, demographic, or cultural factors behind lower levels of female participation and pay, this does not mean that these things cannot be addressed at the firm level. Managers first need to be aware that the inequity in labor participation and pay is not good, not only from a moral point of view, but also from a pragmatic point of view. Managers need to develop policies at the firm level that ensure a higher level of participation and pay equity. In addition, they should institute a discourse that advocates the importance of such initiatives. Because of cultural constraints evident from this study, managers might consider using local vocabulary and sense making mechanisms that are unique to their own contexts (Sidani and Showail, 2012; van der Heijden *et al.*, 2012). Successful change at the firm level requires top management commitment to the case of equitable participation and pay, development of organizational policies conducive of uninterrupted career paths for women, and a supportive discourse that reinforces such practices.

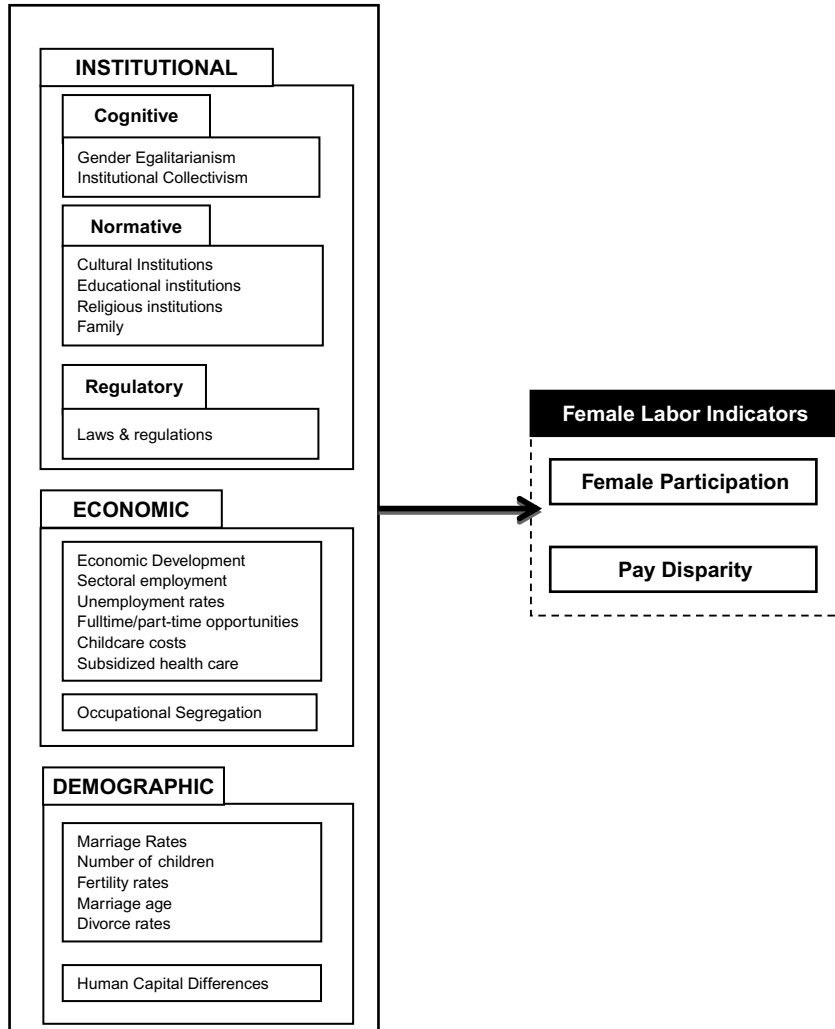


Figure 1.
Female labor
indicators model

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