



The Organizational Production of Earnings Inequalities



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W113 Seashore Hall

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Organizations raise capital, hire, produce, sell, and distribute surplus, generating the initial distributions of income from which all other income inequalities follow. But what drives workplace inequality levels and trends? In this presentation I first introduce the idea of organizations as income distribution devices, followed by a broad descriptive analysis of workplace earnings inequalities levels and trends from the early 1990s to the present for ten countries: the U.S., Germany, France, Sweden, Norway, the Netherlands, Hungary, Slovenia, the Czech Republic, and Korea. This analysis focuses on the distinction between within and between workplace inequalities. The key lesson is that inequality levels and trends vary greatly between institutional contexts. I follow this with a more in depth, causal analysis of what drives within and between workplace earnings inequalities in Germany. In Germany the between workplace component of growing national inequality is primarily driven by changes in the skill composition of workplaces, although the rise of part-time employment has increased the wages of full-time workers, while increased female employment depresses wages. In contrast, estimates of within workplace inequality identify the powerful role of categorical distinctions –e.g. gender, education, part-time composition, and occupation- driving within workplace inequalities. Gender heterogeneity and gender segregation are both strongly associated with higher within workplace inequality. The between and within components of national inequality trends are not independent – in Germany within workplace inequality is rising steeply in low wage workplaces. In addition, both high skill and part-time intensive workplaces generate high within workplace inequality, suggesting that high inequality is consistent with both low and high road production strategies.

This talk is part of the **Inequality Seminar** which is a seminar and speaker series that provides a forum on campus for faculty and graduate students who are interested in inequality broadly defined. It is an opportunity for faculty and graduate students to present their research and to hear about other inequality-related work from researchers on the off-campus. These talks are free and open to the public. For more information about the Inequality Seminar, contact Professor Sarah Bruch at sarah-bruch@uiowa.edu.

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