Abstract

The dualization literature looks to explain the institutional underpinnings of cross-class coalitions that support the growth of labor market dualism in Continental Europe, but has little consideration of institutional arenas that critically impact women’s employment. The gendered Varieties of Capitalism framework predicts that in coordinated market economies (CMEs), care-related employment risks attributed to women by the gender division of labor will result in a segregated labor market. The institutional complementarities that facilitate specific skills formation in male workers have distinct ramifications for women workers who are more likely to take time away from work to raise children. In both bodies of work, the gendered characteristic of labor market dualism or segregation is attributed to women’s irregular employment biography, thus taking for granted and naturalizing the gender division of labor.

Fleshing out the policies that shape the gender division of labor, family policies as well as the vocational education and training (VET) system are identified in this thesis as a key institutional dyad that shapes the divergent incentive structure for female employment, and subsequently, a gendered dualistic labor market. Family policy and the VET system therefore become critical sites for investigating labor market dualization. The case studies look at changes to family policy between 1980 and 2000 in France and Germany. Using the family policy-VET institutional dyad as a tool for analysis, we observe the impact of this dynamic on women’s increasing rate of part-time work and decreasing specific skills acquisition.

The gendered characteristic of dualism suggests that growing labor market segregation does not just result in unequal distributional outcomes in Continental Europe. With the proportion of women active in the labor market increasing, and the lack of family policies distributing care-related employment risks across both male and female employees, women workers and firms employing women face a pro-flexibility incentive structure with regards to training and employment strategies. As CMEs, Continental Europe creates growth and upkeeps a system of social security based on a specific skills labor market and industrial product strategy; a dualistic labor market based on gender thus poses problems for maintaining the specific skills competitive institutional advantage.
Preface

This dissertation is original, unpublished, independent work by the author, J. Hedges-Chou.
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1. Introduction

Dualization is identified as a process of liberalization by Kathleen Thelen, where “[t]raditional arrangements for labor-market insiders are maintained even as an unorganized and unregulated periphery is allowed to grow that is characterized by inferior status and protections for labor-market outsiders” (2012, p.147). Coordinated market economies that are characterized by corporatist-conservative welfare states, rather than the Scandinavian social democracies, have more distinctly experienced the development of dualism in their labor market. While forms of dualism exist across all post-industrialized economies, in Continental Europe it is characterized by deep income gaps that are reinforced by insider-outsider welfare entitlements and employment protection for insiders (Häusermann and Schwander, 2011).

Palier and Thelen (2010) argue that labor market dualism has become institutionalized in Germany and France: a dual labor market was nascent with industrial restructuring in the 80s and 90s, was then regularized with reforms to labor market policies, and buttressed by the introduction of a two-tiered system of social protection. Even with economic recovery and enhanced growth – ergo, an alleviation of structural pressures – labor market dualism may remain intact because it has become stable and institutionalized to be reproduced (Emmenegger, Häusermann, Palier, and Seeleib-Kaiser, 2012).

But while the literature on dualization pays attention to changes in the traditional social insurance system, like unemployment insurance and pensions, it neglects changes to family policies that play a critical role in institutionalizing labor market dualism. As women are disproportionately represented in secondary labor markets, I argue that VET and family policy spheres are critical to the analysis of dualization because they significantly shape women’s employment and training trends. In this paper I identify the institutional dynamic between the vocational and educational training (VET) system on one hand, and family policies on the other, as a critical dyad that is posed to disincentivize coordination among economic institutional realms in coordinated market economies. According to the Varieties of Capitalism scholarship, this coordination is foundational for the specific skills welfare production regime.

Family policies shape what care-related employment risks will be ascribed to women in the labor market, and the management of the VET system determines the obstacles women face in accessing specific skills training and specific skills-based career opportunities.
Continuing the case studies of France and Germany, which are the focus of Palier and Thelen’s piece (2010), I demonstrate how VET systems managed by employers and particular family policies concentrate the risks associated with childcare on the female work biography. This generates a segregated female labor market that faces distinct incentives with regards to human capital investment, namely a gender bias against specific skills acquisition.

While previous family policies – or a lack of – had kept women out of the labor market upon childbirth, the policies emerging during the dualizing era of 1980 to 2000 often increase the supply of women’s labor, but also increase and institutionalize a pool of general skilled workers. This transformation in the skill profile of the labor supply incentivizes employers to utilize strategies that take advantage of general skills, and within the low skill employment sector this means increased flexible labor contracts and irregular hours. I show that reforms to part-time work contracts that were critical to dualization are complementary to the family policy-VET institutional dyad between 1980 and 2000.

The gendered characteristic of a dualistic labor market suggests that labor market segregation does not simply result in unequal distributional outcomes. With the proportion of women active in the labor market increasing, and the lack of family policies distributing care-related employment risks across both male and female employees, women workers and firms employing women face a very different incentive structure with regards to training and employment strategies. Coordinated market economies create growth and upkeep a system of social security based on complementary institutions that facilitate a specific skills labor market and industrial product strategy. In contrast, a dualistic labor market based on gender poses problems for maintaining the specific skills competitive institutional advantage.

In the first section of this paper I review the relevant work on dualism - the dualization literature - and situate it within larger debates within comparative political economy. In the second section I introduce the paper’s theoretical contribution: I expands the dualization literature’s Varieties of Capitalism political-institutional analysis to include two important institutional spheres, family policy and the vocational education and training (VET) system. Case studies of reforms to family policy in France and Germany between 1980 and 2000 are presented third, followed by conclusions and directions for future research.
This paper looks at the employment trends of women differentiated by class. As a disclaimer, I should add that the analysis does not consider how women’s labor market participation is also shaped by policies informed by race and/or nationality. These are important factors to consider, especially in France and Germany, where migrant worker contracts and citizenship laws have historically been used to structure the labor market and worker status. As there are most likely structural labor market ramifications due to this, women’s work experience and skills acquisition differentiated by race and/or nationality of origin needs to be considered by other research projects.
2. The Dualization Literature

The work on dualization is part of the literature concerned with welfare state transformation and recalibration. Häusermann and Palier (2008) explain that this strand of literature is a response to the “new politics” argument advanced by Pierson, Hacker, and Esping-Andersen. The “new politics” literature explored the obstacles to welfare reforms considered necessary in the postindustrial context of austerity. This scholarship argued that welfare recipients would create coalitions spanning class - thus eschewing with the “old” left-versus-right redistributinal politics - in order to successfully prevent retrenchment of benefits. But welfare state retrenchment and labor reforms have occurred, and the literature on welfare state transformation and recalibration has sought to understand what conditions permitted the implementation of said reforms (ibid.; also see Ebbinghaus, 2010). The existing lines of argument cover intuitively obvious explanations: successfully implemented reforms obfuscate the costs of reforms to beneficiaries, advantageously exclude some segments of the population from paying for reforms, divide opponents by awarding some groups with compensatory packages, or are only implemented by political parties that do not suffer election threat (ibid.).

Rather than approach with the view that these reforms deliver retrenchment, the current approach to understanding the conditions that permit welfare and labor market transformations emphasizes “recalibration” (ibid.). It identifies nuance and dissimilarity in the variety of changes implemented in different postindustrialized states, thus heeding the call by Hall and Thelen (2009) for researchers to eschew with an undifferentiated view of liberalization in their study of political economy. The dualization research follows this approach.

To gain understanding of dualization, scholars have looked at the process at work in different institutional areas: industrial relations, labor markets, and the welfare state (Hall and Thelen, 2009; Palier and Thelen, 2010; Häusermann and Schwander, 2011; Emmenegger, et al., 2012; Eichhorst and Marx, 2012). The most thorough and relevant work is by Palier and Thelen (2010), who study how institutional complementarities facilitated the institutionalization of a dual labor market in France and Germany.

According to Palier and Thelen (2010), labor market dualism is a byproduct of Continental European economies’ response to the economic crisis of the 1970s and 80s and
declining industrial employment. The specifically skilled core manufacturing industry, representing coordinated market economies’ (CME) competitive advantage, was expensive to maintain during economic hard times. Reductions in the cost of maintaining the specifically skilled manufacturing core were achieved by minimizing the insider workforce with the application of early retirement and disability program expansion, and by employing internal flexibilization. The use of irregular labor thus increased, and this secondary labor market was entrenched by subsequent labor contract reforms that responded to the restructuring of the industrial realm. In France and Germany the reforms allowed for the growth of atypical labor contracts, such as temporary and part-time work. This further increased the use of irregular employees in the service sector, which has relatively low rates of unionization, and enhanced flexibility within the unionized manufacturing sector (ibid.).

Welfare reforms in both countries further embedded the insider/outsider labor market, marking the institutional expression of dualism. Core laborers preserved the contributory social insurance model for unemployment, while periphery workers were entitled to new means-tested and flat rate social assistance schemes aimed at poverty reduction rather than income maintenance (ibid.). Pension scheme reform in France and Germany also reflected the core/periphery distinction. In both countries the contributory pension scheme was preserved for the core workers, though retrenched, while a tax-financed minimum-income pension was extended to labor market outsiders, and capitalization was introduced for the pensions of high-wagers (Häusermann, 2010).

Instead of full steam liberalization, the institutionalization of two tier social insurance programs and labor market regulations illustrates the “recalibration” anticipated by the current scholarship. Palier and Thelen’s (2010) analysis attributes the two-tier recalibration, and subsequent institutionalization, in France and Germany to cross-class coalitions between insider workers and employers who utilize their specific skills. This group preserves the contributory social insurance model in Continental Europe for themselves, while allowing a peripheral secondary labor market to expand. The secondary programs that target this outside labor market, clearly a challenge to the traditional contributory system, are instated without significant resistance from labor unions and the left, who justify the tradeoff as necessary for the preservation of the manufacturing core and their benefits (ibid.). According to this analysis, specifically skilled insiders continue to be the “winners” of these reforms, and labor
market outsiders are shouldered with precarious occupational status and means-tested poverty reduction social protection schemes.
3. Theoretical Argument

Outsider workers are a new constituency group of concern, with their numbers rising in both France and Germany since the 1980s, and are featured centrally in coalitional analyses of dualization. But the origin of outsider workers is taken for granted. An important demographic transformation that occurred parallel to dualization is the influx of women workers into the labor market, and notably outsider workers are disproportionately female in Continental Europe. In Continental Europe, 94.3 per cent of the female workforce is considered labor market outsiders (Schwander and Häusermann, 2013). Women’s attachment to the labor market has increased in Europe, with labor market activity among women soaring in the past three decades. The dualization literature accounts for this increase in women’s labor by citing changes in family structure, such as an increase in single-parent households, families’ need for a second income, modernization, and deindustrialization.

The overrepresentation of women among outsider workers suggests that there is a gender component to the institutionalization of the dual labor market, and therefore also the politics of recalibration. The analysis developed by Thelen and Palier (2010) does not consider why the institutional complementarities that facilitated dualization had such a gendered outcome. Dualization scholars note that outside workers, being disproportionately women, are ill served by the traditional arrangements responsible for creating a specifically skilled labor force. This misfit between women and the CME institutional network is attributed to gender-specific interruptions to their work biographies (Thelen, 2012; Häusermann, 2010). But this explanation naturalizes women’s work biographies, thus neglecting how institutions construct the gender division of labor and determine how women participate in the labor market. Additionally, this explanation does not account for the differences in women’s participation and outsider status across CMEs. Schwander and Häusermann (2013) found that, for example, skill and age were both equally strong determinants of outsider status as gender in France, whereas gender was by far the most significant variable structuring outsider vulnerability in Germany and other Continental welfare regimes.

1 Outsiderness determined by possessing a rate of atypical employment and unemployment that is significantly higher than the workforce average (Schwander and Häusermann 2013).
This is therefore not just a story about demographics; institutions play a role in shaping gendered labor market participation. Family policies institutionalize the gender division of labor, as well as draw the line between the unpaid and paid economy. Family policies therefore structure the labor market by defining what industries are explicitly counted within the market economy, which worker participates as a wage earner, and in what capacity. As Janette Webb explains, “gender and markets, as well as class and ethnic divisions, are mutually constitutive; their evolution is not pre-given but subject to political choices” (2009, p.108).

The Golden Age of welfare capitalism relied on the traditional division of labor, allowing men to devote themselves full-time to wage labor and acquire specialized labor market skills (Esping-Andersen, 2002). As the gender division of labor is a foundational institution of welfare capitalism, its renegotiation will interact with the institutional network that comprises market economies and produce effects for women and the economy as a whole. This is significant to the dualization literature because parallel with the segmenting reforms made between 1980 and 2000 in the spheres of labor market regulation and social protection, family policy was also a site for dramatic reform.

With the traditional gender division of labor taken for granted, these analyses miss how family policies, interacting with the welfare production regime, contribute to dualization by institutionalizing a secondary labor market pool that includes a larger proportion of general low-skill, low-wage workers. By bringing feminist literatures on part-time work, the VOC scholarship, and dualization research together, this paper will attempt to address this gap in the understanding of post-industrial welfare reform in Continental Europe. In particular, this paper identifies the institutional dynamic between the vocational and educational training system (VET) on one hand and family policies on the other as a critical dyad that contributes to the institutionalization of dualization.

Furthermore, by expanding the institutional analysis of the welfare production regime this work is challenging the current understanding of dualization, which takes gendered part-time work for granted. Additionally, a deeper consideration of the female employment biography and women’s skills investment flags important developments in the institutional constellation of many coordinated market economies. In this sense, this paper will also make contributions to the VOC literature.
I will explain the parameters and case studies that this paper comprises. First, the analysis of gender and dualization only looks at trends related to part-time work. Labor market dualism refers to the growth of a secondary group of workers who are employed in jobs not afforded the protection and status given to regular workers. The growth in atypical work comprises different kinds of irregular positions that are not full-time, are nonpermanent, or both. But because it is a very prevalent form of irregular employment, and to limit scope, I have limited the analysis in this instance to part-time work. Second, the main takeaways of this essay makes a contribution to both the dualization and VOC literature and is therefore highly applicable to other industrialized welfare regimes, however, the analysis is based on case studies of France and Germany since the 1980s. I chose France and Germany because I am expanding Thelen and Palier’s (2010) scholarship on dualization; they most prominently combined a VOC-based institutional analysis in their scholarship.

My argument stems from the Varieties of Capitalism framework, and in particular, the gender analysis of VET systems and gendered labor market segregation pioneered by Estévez-Abe (2006). In this section of the paper, I will first give an outline of the VOC theory of institutional complementarities and the associated comparative institutional advantage. Second, I will consider Estévez-Abe’s analysis of the gendered ramifications of CME institutional complementarities. Third, I delineate the policy spaces that comprise the institutional dyad between family policies on one hand and the VET system on the other, and demonstrate how they contribute to the gendered nature of labor market dualism.

3.1 The Varieties of Capitalism – Identifying Institutional Complementarities

In the seminal Varieties of Capitalism volume, Estévez-Abe, Iversen, and Soskice (2001) demonstrate that an economy’s system of social protection, labor market regulation, and industrial organization form an institutional logic they call the welfare production regime. Economies with rigid - often union-controlled - labor markets, highly regulated employment contracts, substantial welfare states, and strict parameters surrounding corporate governance models, were thought to be the antithesis of efficiency and competitiveness in a globalizing economy by classical economists. Of course the past decades have seen economic losses and gains for all economies, and none of these events definitively fingered the economic models
of Northern or Continental Europe, Japan, North America, or the UK, as either fundamentally stunted or optimally structured.

To explain the continued competitiveness of the European model, VOC scholars found that in coordinated market economies, rigid labor markets and generous social security facilitate investment in workers’ skills. Specific skills are utilized in production strategies that gain competitiveness via high-quality manufacturing or service provision, niche-market targeting, advanced skill enabled productivity gains, incremental innovation, and so on (ibid.). Institutions that were traditionally thought to be impediments to economic competitiveness are instead recast as complementary and necessary to product strategies requiring specifically trained human capital. Firms and workers who benefit from the skilled labor profile support these institutions (Mares, 2003).

How the institutional complementarities between the welfare state, labor market, and industrial regime affects women’s labor market activity was not a key focus of the founding VOC literature. On the other hand, the effect of social insurance on women’s employment and citizenship status has long been the focus of feminist scholars who study the state (Orloff, 1993). Gender has also been incorporated into the work of key power resource scholars.2 The Varieties of Capitalism literature has not systematically included gender in its analysis and is unable to account for the labor market dynamics of half the population (Mandel and Shalev, 2009; Rubery, 2009; Orloff, 2009; Estévez-Abe, 2009).

### 3.2 VOC and Gender

Estévez-Abe (2006) has been among the first to challenge the androcentricity of the VOC body of work. Her research has focused on the gendered effects of labor market institutions, and has shown how the same labor market institution can engender drastically different training incentives for male and female workers.

Namely, rigid labor markets that facilitate the training of male workers have perverse effects for women employees. It makes hiring and training a woman employee incredibly expensive and risky compared to her male counterpart, causing statistical sexism on the part of employers, and making specific skills investments less than worthwhile for the individual.

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2 Korpi and Esping-Andersen adjusted their work to include gender upon feminist criticisms of their male-bias theories of welfare regimes, for example.
female worker.

Specifically, the risks that are attributed to women workers are due to the gendered division of labor. Employers who are looking to make investments in human capital are risk-averse, and less likely to make these investments in women since there is an additional risk that women workers may take time off to have a baby, quit, or reduce their work hours when they form families. Costs from women-specific paid leaves or benefits, as well as costs related to managing workloads when an employee is on leave (which is more difficult with strong labor market regulation, and when there are firm or industry-specific skills in use) make women workers even riskier for employers (Estévez-Abe, 2005).

Women therefore also have additional care-related employment risks to take into account when making decisions about their own investments in skills. Women account for the risk of being dismissed due to non-accommodation of unpaid work by employers, the income, experience loss, and skill depreciation that comes from care-related interruptions to work, and being passed over for promotions and opportunities because of said interruptions. Due to of these additional risks when considering skill investment as an employee, and also because of employer discrimination in hiring for jobs that require human capital investment, women are more likely than men to invest in general skills rather than specific skills (Estévez-Abe, 2006).

Importantly, Estévez-Abe’s work points to the vocational education and training system as a key site for employer gender bias (2006; 2012). As discussed above, CMEs utilize national product strategies that employ specific skills. In addition to supporting labor market and social policy that encourages investment in specific skills, firms are also invested and often play a significant role in an institutionalized VET system that facilitates the formalized formation of these skills. Estévez-Abe finds that when it comes to gender differentials in specific skills investment and gender segregated labor markets, what matters is who manages training.

When employers are involved in the skill formation of workers, as in, employees accrue skills and experience on the job or in training programs that are managed by industry stakeholders, women are less likely to invest in specific skills and consequently, are less likely to be employed in jobs that require these skills (Estévez-Abe, 2012). But when vocational education is school-based, women are more likely to access training. Estévez-Abe
compares the school-based and apprenticeship-based motorcycle mechanic courses in Denmark; there are no women enrolled in the apprenticeship program whereas 10% of students in the school-based program are women (ibid.).

In economies where occupational segregation is at high levels, women still make advances in positions where the employer does not control training and education and where credentials matter instead, as lawyers and physicians for example (ibid.). Additionally, European countries have experienced an “Americanization” of their higher education system: general tertiary education has expanded and more students attend university (ibid.). In many states, women now match and even exceed men in university enrollment and graduation rates. For women who are academically inclined and acquire high skills in tertiary level programs, the VET system does not impact their careers to the same extent as for women without university education.

3.3 The Family Policy–VET system Institutional Dyad

This paper sets out to explain the gendered characteristic of irregular workers in Continental European welfare regimes by looking at the institutions that structure women’s labor market activity differently than their male counterparts. Estévez-Abe’s gendered analysis of the VOC theory of institutional complementary points towards sex-specific differences in specific skills-based training and employment. Because women are less likely to access specific skills and less likely to be employed in specific skills-based jobs, I hypothesize that they are more likely to be irregular workers. As Palier and Thelen (2010) explain about the dualization process, the employment and insurance system for specifically skilled core group of workers was maintained while flexibility was applied to other labor groups.

The gendered VOC literature above shows that because of the risk attributed to women due to the gender division of labor, they experience discrimination in accessing training in employer controlled, apprenticeship-based VET systems, thus the specific skills bias against women in CMEs. This literature also takes women’s caregiving role for granted, and I argue that this care-related employment risk is entrenched by family policies that institutionalize the gender division of labor. I therefore identify two main axes that shape women’s labor market participation and employment trends in specific skills economies, based on their gender. Furthermore, I hypothesize that gendered access to specific skills
training and employment makes women more vulnerable to atypical employment in coordinated market economies.

3.3.1 Axis 1 - Family Policies

The first axis, family policy, contributes to defining the gender division of labor and subsequently, how the employment biographies of women differ, due to care-related risks, from those of men. It should be noted that childcare is a part of a majority of women’s lives, and that resulting biases – particularly those from employers – can be assumed to affect women despite their personal choices related to family formation. Of course there are some distinctions based on family formation; in most countries women with children have higher inactivity and part-time employment rates than those without.

While maternity and parental leave policies allow women to take time off work for childcare purposes without penalty, they represent additional costs for employers financially and in terms of workforce management (Estévez-Abe, 2006). Replacing workers on leave becomes particularly difficult in a specific skills economy, where finding a skilled employee within a rigid labor market to cover a parental leave would present an additional challenge.

Therefore, a critical point about maternity and parental leaves is how they effect women’s attachment to the labor market. Leaves that are too short are likely to make it impossible for women to have children and also work, and are likely to reinforce the male breadwinner model. Leaves of moderate duration lead to higher activity levels for women (Plantenga and Remery, 2006). Paradoxically, a leave that is too long is also likely to reinforce the male breadwinner model because it would reduce women’s attachment to the labor market, reduce wage levels (ibid.), and also increase the risk employers face when hiring women in specific skills jobs.

In some sense there is no way to eliminate the maternity/parental leave risk attributed to women workers. Because biologically sexed women give birth to children, it is reasonable to assume that some form of leave would always be necessary. Parental leaves that reserve time for fathers would redistribute the risk associated with childbirth and childcare across both sexes. The strength of the policy incentivizing the distribution of leave across male and female parents would therefore determine to what extent such a program would ameliorate the specific skills bias against women.
Other family policies that would affect women’s labor market participation are those regarding childcare. The availability of public childcare arrangements is known to be a critical institutional factor impacting whether or not women return to work after childbirth (Uunk, Kalmijn, and Muffels, 2005; Kreyenfeld and Hank, 2000). Particular program characteristics may prove to be significant, such as daily hours of childcare availability and age categories provided for. Childcare that is part-time, for example, is expected to negatively impact women’s full-time employment. Also, whether or not childcare is available for children under the age of three (under school age) is anticipated to influence women’s attachment to the labor market.

Importantly, childcare policies are more likely to affect low and medium skill women rather than highly skilled and high-earning women. The latter can find market-based solutions for childcare needs, while the former are more likely to withdraw from paid work if affordable childcare is not accessible. In fact, Shalev (2008) reports that in Scandinavia public childcare is not in the interest of high earning women because it imposes higher costs on them and also hinders their success by increasing gender segregation in the labor market and enhancing employers’ statistical discrimination against women.

3.3.2 Axis 2 – Vocational Education and Training System and Management

The second axis, the structure and management of the VET system, determines the impact of care-related employment risks on women’s opportunities for skills investment and specific skills career opportunities. Much of the research into sex-segregated labor markets reports that sex segregation starts and is cemented during the education and training period (Bettio and Verashchagina, 2008). Estévez-Abe’s work (2012) shows that sex segregation in the labor market is the highest in countries with formalized vocational education co-managed by social partners, with apprenticeships being the most bias against women. The VOC literature does not flesh out the differences in vocational education among CMEs, but a gendered analysis points to this as a critical institutional site. In particular, the influence of employers over vocational training and the prevalence of apprenticeships, or on the job training (such as
in Japanese firms), are the most critical system characteristics. Within this context, women’s skills investment is most vulnerable to employers’ specific skills bias against women.

If employers have influence over vocational education, VET may not be an option for young women and thus result in a larger proportion of low skilled women relative to men. The VET system may also be assessed for gendered outcomes. Women may gain access to VET, but influence from employers may create bias apprentice-selection and gendered career advisement. Additionally, female apprentices and school-based VET graduates, while accessing skills training, may face employer discrimination in hiring and promotion in specific skills careers. In testing my hypothesis, the employment biographies and educational returns of women with this level of education will be compared to those of men to assess for gendered labor market outcomes.

Having identified these two institutional axes based on a broadening literature by political economy and feminist scholars, I will illustrate how the gendered characteristic of atypical work is institutionally entrenched. First this requires a consideration of the how a myriad of childcare policies would function in dynamic with each other to structure women’s employment biography. This is a stylized analysis of course, but beneficial for understanding the institutional dimensions that affect women’s labor market patterns in coordinated market economies. The key question for this exercise is: how divergent are women and men’s work lives due to family policies?

Maternity/parental leave and childcare policy determine the gender division of labor; the impact of both policies determine the divergence between women and men’s employment biographies. In table 1, possible childcare solutions are on the horizontal axis, and different leave structures are along the vertical axis. The table predicts how these potential policies would interact with each other to shape the gender division of labor.
Table 1

*Estimating the Impact of Childcare and Leave Policies on the Gender Division of Labor in CMEs.*

<table>
<thead>
<tr>
<th>Mat/Parental Leave</th>
<th>Market-based childcare</th>
<th>Public childcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-length leave (&lt;6 months)</td>
<td>1. De facto gender division of labor.</td>
<td>1. Support for women’s employment.</td>
</tr>
<tr>
<td></td>
<td>2. Low care-related employment risk.</td>
<td>2. Low care-related employment risk.</td>
</tr>
<tr>
<td>Medium-length leave (&lt;1 year)</td>
<td>1. Mix of support of women’s employment and de facto gender division of labor.</td>
<td>1. Support for women’s employment.</td>
</tr>
<tr>
<td>Extensive Leave (&gt;1 year)</td>
<td>1. Institutionalized gender division of labor.</td>
<td>1. Mixed support for women’s employment and also institutionalized gender division of labor.</td>
</tr>
</tbody>
</table>

In most states there is usually a mix of childcare solutions present for families. To simplify the analysis I have constructed a dichotomy between market-based and public childcare, and in most states one of these approaches is dominant. The key difference between them is accessibility, public childcare being a more accessible and affordable option for families than market-based solutions. On the other hand, market-based solutions are more likely to provide options for high-income families. With regard to leaves, I have categorized possible leave policies by duration: short, medium, and long leaves. As discussed above, leave length can weaken women’s attachment to the labor market by being either too short or too long.

In the body of table 1, I anticipate the results of the two policy options on women’s employment biographies. The first point anticipates the impact of the policy combination on the gender division of labor. The second point is an anticipated level of institutionalized care-related employment risk for women workers, resulting from the gender division of labor. Long leaves institutionalize women’s caregiving role and represent risk for employers who have to fill absences. Short leaves disallow long absences from work, but also do not practically allow for childbirth and early care to be reconciled with employment; women are essentially excluded from employment as they might lose their jobs upon family formation. On the other hand, for women who want careers, the lack of benefits means they do not carry additional care-related employment risk when employers consider them against their male counterparts. A lack of public childcare also enhances risk since women are more likely to reduce work hours or leave their job if affordable care is not accessible.
Because very short leaves are no longer prevalent save for in the US, there are four likely outcomes on the gender division of labor as shaped by family policy. In summary, the longer the leave is, the higher the care-related employment risk attributed to women. Risk is compounded or ameliorated by the lack of or availability of public childcare, respectively.

(1) Medium-length leave and market-based childcare.
   → **Medium to high care-related employment risk.** Medium-length leaves represent a risk but allow women to reconcile employment and family formation. Because of the lack of accessible childcare, women are more likely to reduce work hours or leave employment.

(2) Medium-length leave and public childcare.
   → **Medium to low care-related employment risk.** Medium-length leaves represent a risk but allow women to reconcile employment and family formation. Public childcare allows women to participate in employment similarly to their male counterparts post-childbirth.

(3) Extensive leave and market-based childcare.
   → **High care-related employment risk.** Extensive leaves represent a significant risk. Because of the lack of accessible childcare, women are more likely to reduce work hours or leave employment.

(4) Extensive leave and public childcare.
   → **Medium to high care-related employment risk.** Extensive leaves represent a significant risk. Public childcare allows women to participate in employment similarly to their male counterparts post-childbirth.

The specific skills bias against women in CMEs is created by the interaction of the gender division of labor – which attributes care-related employment risks to women workers – with the VET system. When VET systems are heavily formalized, the most important factor is the influence of the social partners. The additional care-related risks attributed to women workers become more significant to training if firms have influence in the skills formation process. Second, the prevalence of apprenticeships, which is usually coupled with employer involvement, is critical. Employers generally have the greatest influence over apprenticeships – such as selecting apprentices. Put together, we can perform an analytical exercise that anticipates the outcome of this two-dimensional institutional dynamic.
Table 2  
Specific Skills Gender Bias by VET System and Family Policy Constellation

<table>
<thead>
<tr>
<th>VET System</th>
<th>Specific Skills Bias</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship-based</td>
<td>Low specific skills bias.</td>
</tr>
<tr>
<td>School-based</td>
<td>Very low specific skills bias.</td>
</tr>
<tr>
<td>VET System</td>
<td>Specific Skills Bias</td>
</tr>
<tr>
<td>------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Apprenticeship-based</td>
<td>Medium specific skills bias.</td>
</tr>
<tr>
<td>School-based</td>
<td>Low specific skills bias.</td>
</tr>
</tbody>
</table>

We can see that specific skills bias against women intensifies when increased care-related employment risk is attributed to women - due to the possibility for long leaves and reduced work hours - in dynamic with an apprenticeship-based VET system. Because of the distinct employment risks facing women in this family policy context, firms face a different incentive structure with regards to female employment. In this institutional landscape, defined by family policy and the VET system, we can anticipate an entrenched secondary labor market for women workers. While not included in table 2 for simplicity’s sake, on the job training (such as in Japan where lifetime employment is complementary with internal firm skills training) in dynamic with high care-related employment risks also create an entrenched secondary labor market for women.

Within CMEs, a specific skills bias is inevitable because women will always hold more care-related employment risks than men because they give birth and require some kind of leave. According to my analysis, the skills bias would disappear if leave and childcare policies distributed care-related risk equally across the male and female employment biography (this scenario unfortunately does not currently exist, and is not illustrated in table 2). Without specific data, the predicted levels of specific skills bias are described as “low” or “very low”, “medium” and “high”. Quantifying these levels can be done by comparing specific skills bias across different states, or by comparing existing levels to a constructed control economy where women and men have identical skill profiles.

We can anticipate that a secondary female labor market will impact wage inequality. The critical distributional outcome of the coordinated institutional context, as described by the VOC literature (Estévez-Abe et al., 2001), is significantly less economic inequality. The product strategies utilized in a rigid labor market mean an investment in training at all skill
levels, thus the highly developed VET programs in most CMEs. Young people who are not academically inclined have a training and education option that guarantees a good salary, and their human capital investment is protected by an extensive system of social security. Comparatively, this category of student in liberal market economies has few options other than higher education, and is less likely to have opportunities and the incentives to access further training. The result is a large proportion of low skilled and low waged workers in a liberal market economy. This outcome is avoided in CMEs because of the incentive to train at all levels. But as shown above, this incentive structure is not applicable to women workers.

The employment incentives surrounding women workers do not fit into the institutional complementarities that are necessary for CME competitiveness. Accordingly, dualizing labor market regulations, such as flexibilization of the labor contract to allow irregular work, will be complementary to the female employment biography that is entrenched by the family policy-VET institutional dyad. Via such reform, women’s employability within a traditionally rigid labor market is enhanced while the gender division of labor remains entrenched. The specific skills bias against women is the institutional basis for the gendered characteristic of dualism. By applying the theoretical framework I developed in this section, I will show in the next section how reforms to family policies in France and Germany have supported and are complementary to the institutionalization of labor market dualism.

Not included in the stylized analysis of table 1 and 2, but notable, is the stratified effects of the family policy-VET institutional dyad on women’s labor market participation based on skill level. Higher skilled women are less vulnerable to the institutional impact of these policy axes. While there is some variation in highly skilled women’s labor market participation throughout the last few decades, what we will see is that high skill women, whether general or specific skilled, are able to more advantageously use childcare leaves to reconcile work and family, and are more likely to financially access childcare. This is explained by their access to market-based childcare solutions, and access to high-level skills training, which is not within the purview of the VET system and therefore not as vulnerable to gender gaps in training. On the other hand, high skilled women in gender segregated labor markets are not immune from occupational segregation, and likely face worse advancement
opportunities due to institutionalized discrimination in sex segregated labor markets (Estévez-Abe, 2006; Shalev, 2008; Mandel and Shalev, 2009).
4. Case Studies: France and Germany

In this section I will present analyses of the gendered characteristic of dualization in France and Germany. Based on my earlier analysis, I will consider how family policy reforms in the dualizing era impacted the gender division of labor and thus the care-related employment risk attributed to women workers. Second, I will look at data related to VET enrollment, specific skills employment, and part-time work to discern evidence of specific skills bias against women, and the emergence of a gendered dual labor market.

4.1 Changes to Family Policy in France and Germany in 1980-2000

Table 3 documents the progression of policies related to maternity leave, parental leave, and public childcare for children less than three years of age. Focusing on the era of dualizing reforms, 1980-2000, we see that maternity and parental leave was lengthened in both Germany and France during that time. In France, a paid parental leave lasting three years in length was introduced in the 1970s for a parent of three children. This was expanded to a parent of two children in the 80s. In Germany, the paid parental leave period was extended from eight to 22 months between the ‘80s to early ‘90s, with an additional unpaid year making the leave last up to three years. In both cases, the extended parental leaves targeted low-wage earners. Additionally, the leaves introduced in both France and Germany could be combined with part-time work.

Notably, this era saw very little expansion of public childcare for children under-three. But unlike Germany’s insubstantial childcare for young children, France has had a highly attended system of public pre-school in place since post-WWII for three to five year olds and offered individualized childcare allowances promoting the employment of high skill women. Germany’s age three to six childcare offering was not fully put into place until 1999, and guaranteed only part-time care.

4.1.1 Family Policy in Germany

Until the 1980s, Germany’s family policy was focused on keeping mothers out of the labor market. Family policy allowing women to reconcile work and family responsibilities did not exist; only very brief maternity leaves were in place. Parental leave was introduced in 1986,
but paid low rates that made it unattractive for male uptake. The leave was eight months in length, but was extended multiple times over the next seven years to reach a two-year mixed flat-rate/means-tested allowance, plus an additional unpaid third year. Scholars agree that this long parental leave, while a shift from the previous dearth of family policies, in fact reinforced the traditional gender division of labor (Morel, 2007; Fleckenstein and Seeleib-Kaiser, 2011). While continuously extending the leave, it did not strengthen women’s attachment to the labor market nor offer a benefit that was related to the wages earned by a woman. Notably, the provision allowed the beneficiary, without any reduction of the benefit, to combine the childcare allowance with part-time work up to 19 hours per week (Morel, 2007).

Childcare was absent prior to the 1990s, and only in 1992 did the Kohl government introduce a right to part-time childcare for children between the ages of three and six. The program was not extended to under-threes and its aim was to encourage the part-time employment of mothers with children in the covered age range (Fleckenstein and Seeleib-Kaiser, 2011). But the guarantee of child-care was extended without any additional funding, and cash-strapped Landers were unable to expand public childcare until 1996 when the state was forced to subsidize municipalities by an order from the Constitutional Court (Morel, 2007; Fagnani and Math, 2010).

Not until the coalition government between the Social Democratic Party and The Greens (the Red-Green alliance of 1998 to 2005), was something other than the traditional male breadwinner model up for discussion. But Angelika von Wahl (2008) explains that the progressive coalition government in no way hurried to modernize German women’s social and economic status. Reforms began rolling in slowly in 2000; the critical shift being the legislation granting a right to part-time work (defined as up to 30 hours of work per week, increased from the earlier limit of 19 hours) while receiving childcare allowances, unless one’s firm employed less than 15 workers (Erler, 2009). But similar to previous family policy, the Red-Green alliance wanted to make part-time work an attractive alternative. It is significant that this allowed long part-time rather than short part-time work. Long part-time jobs are more likely to be better paid and have higher status. In 2000, more compact parental leaves were introduced, and only in 2007 was the parental leave benefit structured to replace earned wages.
4.1.2 Family Policy in France

In France, extended parental leaves reserved for women were put in place with the economic downturn in the late 70s. The Allocation Parentale d’Éducation (APE) was introduced in 1985 to further incentivize labor market withdrawal by women: a flat-rate benefit paid to workers who stayed home to look after their children, and reserved for three-children families (Siim, 2000; Morgan, 2002). The APE was directed towards low-income families, with the non-taxable flat-rate benefit being low so that only women registered for it (Klammer and Letablier, 2007). In 1994, The APE was extended to families with two children and the generosity of the allowance was increased. The eligibility criteria were also tightened that year to purposely target low-income women who participated in the labor market, and incentivize them to become part-time workers or fully exit from the labor market – parents who register for the benefit could no longer hold full-time employment, nor be “looking for work”, but could hold part-time jobs (Fagnani, 1998a; Laufer, 2003).

The APE was incredibly successful in its aim; between 1994 and 1997, the take-up of the benefit tripled (Morgan, 2002). As planned, the benefit was popular among low-income families, and those in rural areas and towns that do not have public crèches or have limited spaces within them, which is the only other childcare option that suits low-income families other than relying on family members. The APE could also be combined with an extended parental leave that lasts up to two years and commences post-maternity leave. While women must be reinstated within their jobs at the same pay-level after taking the extended leave, it includes extra costs to employers specific to women workers (98 per cent of those on extended leave are women) and negatively affects their career trajectory within the firm (Fagnani, 1998a, 1998b; Morgan, 2002; Milner, 2010).

Childcare in France for under-threes did not see development during this time, and investment in the public system of crèches plateaued. But the crèche system for children age three and above is heavily institutionalized and highly subscribed to by families: 99 per cent of children between age three and six are in public nursery schools full-time or part-time, whereas only 8 per cent of children between age two and three have places (Klammer and Letablier, 2007; Fagnani, 2010).
Instead of expansion of public childcare, the socialist government had realized in the 80s and 90s that it was not going to meet its campaign promise of expanded crèche spots, and had substituted the creation of traditional crèche childcare with subsidized private childcare (Morgan, 2002). 1986 saw the introduction of *Allocation de garde d’enfant à domicile* (*AGED*), which helped parents hire nannies, and in 1991 *Aide à la Famille pour l’Emploi d’une Assistante Maternelle Agréée* (*AFEAMA*) was established to subsidize parents’ use of private child-minders. Both offered allowances to working parents hiring private caregivers (Fagnani, 1998). In 1994 the *AGED* and *AFEAMA* allowances increased. This highly individualized care was only available to high and mid-wage earning families; the provision of subsidies still relied on families having the capacity to hire a personal caregiver and pay them the regulated minimum wage and also earn enough money to qualify for the tax credit (ibid.).

Comparing the family policy contexts of France and Germany to the policy matrix developed earlier, we see that changes to the leaves mean that the care-related employment risks attributed to women grew over this era, particularly when paired with the underdeveloped childcare resources offered. Additionally, the paid leaves could be reconciled with part-time work, further weakening women’s full-time attachment to the labor market and increasing risk.

But while both France and Germany saw similar trends in lengthened leaves with low benefit rates, the incentivizing of part-time work, and a lack of development of childcare resources, France’s family policies differ distinctly from those of Germany. The long leaves developed in France during this era only reached parents with two to three children and an institutionalized system of childcare for the preschool age means that women face much less care-related employment risks than women in Germany.
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</thead>
<tbody>
<tr>
<td>France</td>
<td>Maternity Leave</td>
<td>Absent</td>
<td>1966 – Job protection for women giving birth for 12 weeks postpartum. 1969 – Maternity leave for 14 weeks (6 of which were pre-natal) at 50% wage replacement. 1971 – Maternity leave payments increased to 90% wage replacement. 1978 – Maternity leave extended to 16 weeks (6 of which were pre-natal). 1985 - Maternity leave extended to 26 weeks (8 of which were pre-natal) for third or higher child. 2002 – 2 days maximum paternal birth leave and 11 days consecutive paternity leave that can be taken during first 4 months of birth, and at 100% wage replacement.</td>
<td>1971 - Maternity leave payments increased to 90% wage replacement. 1978 - Maternity leave extended to 16 weeks (6 of which were pre-natal).</td>
<td>1985 - Maternity leave extended to 26 weeks (8 of which were pre-natal) for third or higher child.</td>
<td>2002 – 2 days maximum paternal birth leave and 11 days consecutive paternity leave that can be taken during first 4 months of birth, and at 100% wage replacement.</td>
<td></td>
</tr>
<tr>
<td>Parental Leave</td>
<td>Absent</td>
<td>Absent</td>
<td>1977 – Unpaid parental leave with job protection starting after maternity leave, and that could last up to 2 years. If mother declined, father could be eligible. One year of previous employment with same employer, and at a firm with over 200 employees.</td>
<td>1984 – Father eligible for unpaid parental leave. 1985 – The Child Rearing Benefit (Allocation Parentale d’Éducation - APE) introduced for parents with 2 children, and youngest under age of 3. Eligible parent worked at least 2 of 5 years before childbirth. If had 3 or more children, eligible parent worked at least 2 of 10 years before childbirth. 1994 - The Child Rearing Benefit (Allocation Parentale d’Éducation - APE) introduced for parents with 2 children, and youngest under age of 3. Eligible parent worked at least 2 of 5 years before childbirth. If had 3 or more children, eligible parent worked at least 2 of 10 years before childbirth.</td>
<td>1994 - The Child Rearing Benefit (Allocation Parentale d’Éducation - APE) introduced for parents with 2 children, and youngest under age of 3. Eligible parent worked at least 2 of 5 years before childbirth. If had 3 or more children, eligible parent worked at least 2 of 10 years before childbirth.</td>
<td>1994 - The Child Rearing Benefit (Allocation Parentale d’Éducation - APE) introduced for parents with 2 children, and youngest under age of 3. Eligible parent worked at least 2 of 5 years before childbirth. If had 3 or more children, eligible parent worked at least 2 of 10 years before childbirth.</td>
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3 Unless otherwise cited, historical policy information is from the OECD Family Database.
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<tbody>
<tr>
<td>France, continued</td>
<td>Parental Leave, continued</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
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<tr>
<td></td>
<td>Childcare (under age three)</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent</td>
</tr>
<tr>
<td>Germany</td>
<td>Maternity Leave</td>
<td>1952 – Maternity leave law → 12 weeks of paid leave for mothers (6 pre and 6 post childbirth)…</td>
<td>1968 – Paid maternity leave for 8 months postpartum.</td>
<td>1979 – Paid maternity leave for 2 months, now includes 4-month optional maternity “vacation” with monthly payment of DM750 (375 euros)…</td>
<td>1986 – 6-month mandatory leave.</td>
<td>Most recent – 14-week maternity leave at 100% wage replacement with no ceiling.</td>
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<tr>
<td>Germany, continued</td>
<td>Maternity Leave, continued</td>
<td>1952, continued - …mothers protected from unlawful dismissal.⁴</td>
<td>1979, continued - Restricted to working mothers.⁵</td>
<td>1986 – 10-month leave with flat-rate payment of DM600 (307 euros). Father or mother can take leave, and unemployed mothers are also eligible. Parent on leave can work part-time up to 15 hours per week.⁶ 1988 – Parent on leave can work part-time up to 19 hour per week.⁷</td>
<td>1992 – Between 1986 and 1992 the leave period was increased four times, and in 1992 was extended to 36 months. Paid leave benefits extended from 10 to 24 months. Parent on leave can work part-time up to 19 hours per week.</td>
<td>2001 – 3 years of leave; up to 2 years paid leave. Last 12 months of leave can be used flexibly until child is 8 years of age with consent from employer. Parents can take leave at the same time. Parents on leave can work part-time up to 30 hours per week. Legal entitlement to part-time work. Compact leave payment structure introduced, parent could receive 450 euros per month…</td>
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Parental Leave | Absent | Absent | Absent | 1986 – 10-month leave with flat-rate payment of DM600 (307 euros). Father or mother can take leave, and unemployed mothers are also eligible. Parent on leave can work part-time up to 15 hours per week.⁶ 1988 – Parent on leave can work part-time up to 19 hour per week.⁷ | |

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⁴ Erler 2009
⁵ ibid.
⁶ ibid.
⁷ Schönberg and Ludsteck 2006
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<tbody>
<tr>
<td>Germany, continued</td>
<td>Parental Leave, continued</td>
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<td></td>
<td></td>
<td></td>
<td>2001, continued - … for 12 month paid leave or 300 euros per month for a 24 month paid leave. Entitlement tightened, with income ceiling for entitlement decreased from 51,130 euros to 30,000 euros.⁸</td>
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<td></td>
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<td></td>
<td>2007 – Elterngeld introduced. Parents receive 67% of earnings on 12-month leave (benefit ceiling of 1800 euros per month), or 1/3 of previous income for 24 month leave. Low-income parents receive a 1% increase in the replacement rate for every 20 euros…</td>
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⁸ Moss 2009
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<tbody>
<tr>
<td>Germany, continued</td>
<td>Parental Leave, continued</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2007, continued - … their income was below the threshold. Two months reserved for fathers – increasing leave to 14 months. Parent can work part-time but payment is reduced accordingly. Can take leave for up to 3 years. For unemployed or underemployed parent, receive minimum payment of 300 euros per month for 12 months.</td>
</tr>
<tr>
<td>Childcare (under age three)</td>
<td>Absent</td>
<td>Absent</td>
<td>Absent (^9)</td>
<td>Absent (^10)</td>
<td>Absent (^11)</td>
<td>Absent</td>
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\(^9\) Spiess and Wrohlich 2006; Moss 2009  
\(^10\) Erler 2009  
\(^11\) ibid.
4.2 Family Policy – VET System Institutional Dyad

Having looked at the history of reforms to childcare and maternity/parental leave policies and programs in France and Germany between 1980 and 2000, we can now think about how the resulting care-related employment risks attributed to women will impact their pattern of skills acquisition in these coordinated economies. To do this, we need to consider the structure and management of vocational education and training.

The VOC literature has always treated France as a mixed case, and consequently gives little consideration to their training system (Estévez-Abe, 2006). French vocational training is more heavily school-based. Before the 80s, vocational training started early in primary school and graduates entered the labor market early; their first position was usually an apprenticeship. In the 80s tracking to vocational education was pushed to the older grades, and more vocational education was combined with apprenticeships, but a majority of students still had school-based training (Brauns, 1999). There is little interest by large firms in providing apprenticeships. Those that do are often small businesses that have little opportunity for growth and innovation. But overall, investment in vocational education increased by 10% between the 80s and 90s, marking a renewed interest by the state in promoting this educational option and improving its status (ibid.).

A critical institutional distinction between the French and German VET system is the influence of the social partners. In Germany, unions and employer organizations have roles governing vocational training – the content and the credentialing tests, guaranteeing standardization and transferability of skills. In France, however, the social partners play a small role on professional committees, and the state is responsible for training and awarding certificates (ibid.). The German VET system therefore produces trained workers that have skills more readily usable by employers, are standardized, and transferable (ibid.).

With this in mind, as well as the reforms to family policy that increase the care-related employment risks attributed to women workers, we would expect for the specific skills bias against women in VET training to play out more strongly in Germany where employers play a strong role in training, and where apprenticeships are a significant aspect of the educational model. The result would therefore be less participation by women in VET and within-VET occupational segregation based on gender. In France, women also
experienced increasing care-related employment risk during the dualizing era, but not to the extent of their German counterparts. Additionally, the French VET system is not as institutionalized as it is in Germany. While we would anticipate less employment of women in apprenticeships compared to men, there would not be high segregation within school-based training. And while women in both countries would be more vulnerable to atypical employment, a woman in Germany would have significantly higher chance of being a labor market outsider than a woman in France.

The lengthened leaves, reconcilable with part-time work, in Germany and France targeted medium to low-income women, meaning that the additional care-related employment risks from these reforms would mainly impact this section of women. The lack of childcare options in Germany is also most likely to negatively affect low to medium income women, again targeting the risk on them. Additionally, these risks are more likely to hinder women’s access to skills training within the VET system, which means that the increased vulnerability to atypical work is more likely to affect women who do not go to university. Part-time work, the focus of this paper, is expected to be stratified by women’s skill level.

4.3 Evidence of Anticipated Trends

While there is no literature that considers family policy in dynamic with vocational education, there are studies that look at the impact of family policy reforms on women’s labor market participation. Schönberg and Ludsteck (2006) analyzed the impact of policy reforms that lengthened childcare leaves in Germany in 1979, 1986, and 1992. They found strong evidence that each reform caused more women to delay their return to work. The 1979 reform increased leave from 2 to 6 months, and most heavily negatively impacted the rate of return for university-educated women. On the other hand, the 1986 and 1992 reforms (leave increased to 10 and 36 months, respectively) impacted the rate of return to work of highly educated women the least, whereas the return rates of lower educated women responded more significantly (ibid.). Additionally, the later reforms providing more generous extensions of the leave period did not impact women’s labor supply, but did result in women working part-time at higher rates upon their return. Eight years after childbirth, the lengthened leaves were found to have strong negative impact on women’s post-birth wages (ibid.). The authors
contribute the heightened part-time work and lower wages, in part, to higher skill atrophy when women take longer leaves. Beblo and Wolf (2002) also found that maternity leaves lead to depreciation of human capital (around 33% per year off for high skill women, for example) and wage decreases. They also found that part-time work resulted in skills atrophy and wage decreases (ibid.).

Laroque and Salanié’s (2002) analysis of the impact of France’s APE found that when introduced in 1986 the activity rates of women with three children responded with a 15-point reduction. The 1994 expansion of APE to women with two children effected a 14.9-point reduction among that particular subpopulation. In sum, these studies show that the considered family policy reforms in France and Germany weakened women’s attachment to the labor market, thus increasing the care-related risk attributed to women workers.

To look for evidence of specific skills bias, and thus an institutionalized gendered dualistic labor market, we can also consider the available data concerning skills acquisition, such as VET enrollment. Because reforms to family policy between 1980-2000 increased the care-related employment risks attributed to female workers, we anticipate that the specific skill bias against women would also increase. Increasing specific skills bias against women means more female labor market outsiders, and thus higher rates of part-time employment.

It is difficult to disaggregate the evidence around activity rates, part-time employment, and skills acquisition, and attribute it directly to particular policy reforms or institutional arrangements, because as explained above, the segregating function is a result of an interactive dynamic between multiple institutional arenas. Incentives facing women and employers reinforce each other and also provide feedback. Knowing women are more likely to take time off work for care, firms are less likely to invest in skills training for women, which is the productivity payoff justifying regular employment status and its associated benefits. Women face both care-related employment risks and employer bias when making decisions related to skills investment, and are therefore more likely to hold general skills. With the deregulation of the labor contract, firms exploit the productivity of general skills by employing flexible employment. Women therefore face more part-time work, but also have their choice to withdraw from work periodically or go part-time subsidized by lengthened leaves and expensive childcare. A feedback mechanism is created, influencing women’s
individual choices and firms’ employment strategies, and evidence of this is investigated in data on skills acquisition and labor market participation.

An issue that arises is the lack of data on women’s labor trends, particularly detailed data organized by skill level, this makes it difficult to investigate the claims about 1980-2000, the dualizing era, made in this paper. For most of the following tables and figures, the earliest available data is from 1993.

4.3.1 Segregated educational enrollment and vertical segregation

First, we look at data on educational enrollment to observe if heightened care-related employment risk attributed to women due to family policy reforms impacted the formal skill acquisition process. This paper predicts that care-related employment risks will disincentivize women from investing in specific skill sets that are vulnerable to atrophy, and exacerbate firms’ bias against human capital investment for women workers. More importantly, with increased care-related employment risks, so too will firm discrimination against women in employing and training in specific skills positions. When the social partners contribute to the governance of skills formation, which is heavily the case in Germany but not so much in France, we expect to observe gender segregation in skills acquisition.

In figure 1, we see that women’s enrollment in vocational education at the secondary level has been on the decline since 1992 in Germany. Data for France is available dating back to 1971 (figure 2), and women’s share of enrollees in technical or vocational secondary school programs has also been declining (an uncharacteristic spike in 1981 suggests a data entry error). A study of upper-secondary enrollment since 1998 (not pictured) shows that the proportion of students in vocational or technical programs who are women declined to under 40% by the late 2000s in Germany. On the other hand, while still underrepresented compared to male counterparts, women’s proportion of enrollment held steady in France.

Vocational or technical skills at non-tertiary levels of education are important to CMEs because, as explained earlier, they give educational options to students who will not qualify for university enrollment. We see that in Germany and France, women are heavily segregated from this educational channel, disadvantaging women who are not destined for tertiary education. German women, as expected because of their higher care-related
employment risks, are more highly segregated from specific skills training than French women. The more prominent importance of vocational training in Germany also suggests that this gender segregation between men and women in general and vocational training is very significant to labor market outcomes. Employers in Germany aid in managing skills formation, and as such, we expect to see and do observe higher levels of overall gender segregation. This reinforces Estévez-Abe’s (2006) finding that gender segregation in vocational training is weightier where the VET system has higher importance in labor market.

Figure 1

Germany - % of Female Students Enrolled in Total Secondary Education

Data Source: UNESCO Education Data, 2012
German and French women under-subscribe to or face discrimination in accessing vocational training. Which of these mechanisms is more prominent is not of importance. As discussed above, a feedback cycle of incentives facing both employers and women is expected to have manifested. What different training and educational course exists for women in this case? Particularly, what is the option for women who do not qualify for university education?

Because the VET system in France is not heavily formalized with the social partners, and therefore not institutionalized within the labor market, French women face less discrimination in accessing specific skills training than their German counterparts. This means that men do not have a significant benefit over women in accessing skills training, but as suggested by France’s “mixed” categorization in the VOC literature, this is less important because general skills are featured prominently in the French economy. So overall, less training at non-tertiary levels is occurring. Unlike what is predicted by the VOC framework for CME economies, a large proportion of the French population is considered low skilled when compared to other coordinated economies (table 4).
Table 4
1996, % of Working Age Population (16-64) with Low Skills (<ISCED 3)

<table>
<thead>
<tr>
<th></th>
<th>United Kingdom</th>
<th>France</th>
<th>Germany</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;ISCED 3</td>
<td>52</td>
<td>43</td>
<td>22</td>
<td>28</td>
</tr>
</tbody>
</table>

* For Germany the data point is from 1995
Table Source: Murray and Steedman 1998, p. 4

Looking at the available data on educational attainment during the dualization era, we see that there were significantly more low skilled women than men in both countries (table 3 and 4). This distinction in low skills is more severe in Germany than France.

Figure 3
Germany - % of Population with Low Educational Attainment (ISCED <3; Age 25-64)

Data Source: Eurostat, Persons with lower secondary education attainment by age and sex (%), 2013
This educational gap for German women is also represented at higher educational levels. While French women are more likely than men to be highly educated, there is a major gap in favour of German men at ISCED 5-7 (Tremblay and Le Bot, 2003). A possible explanation may be that tertiary education is a very time-intensive investment in Germany, with students not achieving full credentials until their late 20s (ibid.). This may be a disincentive for some women as this educational route leaves little time to establish a career before family formation often occurs.

4.3.2 Segregated apprenticeships

As discussed earlier, apprenticeships in France are not institutionalized like in Germany. But looking at the apprenticeship enrollment data in figure 5 for France’s youth and young adults, we can see the new effort to promote apprenticeships has increased enrollment since 1992-93. This increase is more prominently represented within the trends for male enrollment. When apprenticeships are encouraged, men benefit more than women.
The German VET system can also be assessed for gendered outcomes. Female apprentices and school-based VET graduates, while accessing skills training, face employer discrimination in hiring and promotion in specific skills careers. The employment biographies and educational returns of German women with this level of education can be compared to those of their male counterparts men to assess for gendered labor market outcomes.

Looking deeper into gendered data on enrollment in vocational educational programs in Germany (figures 6 and 7 below), we see that in addition to the overall decrease in the proportion of women enrolled in secondary vocational education since 1992 (figure 1), the proportion of women in the dual system of vocational education (enrollment in Berufsschulen and darunter: Berufsschulen) is is much lower than it is for men. Instead of seeing increases in enrollment, as expected to follow with women’s improved labor market participation, the proportion of women has decreased since 1992. A greater proportion of women are found in school-based vocational training instead. Notably, men’s enrollment in the dual system has also decreased in the last decade, but still remains significantly higher than the enrollment rate for women. The dual system of vocational education is what Germany is renowned for, and is the institution of specific skill training considered foundational to the VOC welfare production regime framework. Combining in-school education with an on-the-job
apprenticeship, it represents the commitment made between the state and employers to train workers.

Figure 6

*Germany - Distribution of Women's Enrollment Across Vocational Programs*

Data Source: Statistische Ämter des Bundes und der Länder, Berufliche Schulen: Schulen und Schüler nach Schular, 2013
School-based vocational training is a stream of vocational education not considered in the VOC literature, even though it now enrolls nearly half of all women in vocational education. The school-based stream does not include the educational and labor market integration that the dual system has become recognized for (Kruger, 1999). Instead, these vocational schools function similarly to technical colleges in the USA and other liberal market economies. Unlike with the dual system, school-based training is not comprised of
shared commitments from trade unions, employers, and the government, does not have collective governance over and standardization of training curricula, and does not have the codification of skills and thus wages (Kruger, 1999; Tremblay and Le Bot, 2003). Graduates of school-based training are more likely to be employed in dead-end, non-career path positions, even though, paradoxically, vocational schools generally have higher eligibility requirements than dual system apprenticeships (Kruger, 1999). Without the collective skill training commitment that is integral to the dual system, the labor market for school-based graduates is more like that of a LME, and employers pursue the associated employment strategies.

Kruger cites a study looking at women’s career preferences pre-vocational enrollment (ibid., cites Dietz et al., 1997). The longitudinal study found that young women often had diverse apprenticeship preferences, including prestigious traditionally male apprenticeships. Despite their preferences, most of the women in the sample ended up training in female dominated professions (ibid.). This is because German recruitment firms, as anticipated, still prefer male candidates, even to very highly qualified women candidates. Because dual system apprenticeships are oversubscribed, career counselors often advise women to turn to the school-based system in order to secure a spot (ibid.)

It is also important to assess gendered outcomes among enrollees in the German dual system. Women do make up among 35 to 40 per cent of dual system participants, but there is segregation in the category of apprenticeship, and in how firm-based training benefits men and women. First, there is segregation in the types of jobs in which women and men receive training. Estévez-Abe (2011) explains that for the past two decades the five most popular apprenticeships for women have been variations on the following: shopkeeper, sales clerk, office clerk, doctors’ assistant, and hairdresser. The apprenticeships with the highest male enrollment numbers are auto mechanics, shopkeepers, industrial mechanics, chefs and cooks, and electricians. Additionally, women enrollees in the dual system are concentrated within fewer apprenticeship categories, while men have more diversity in distribution across apprenticeships (Tremblay and Le Bot, 2003). Unfortunately, data illustrating these patterns of enrollment over the dualizing era was not found.
Second, women do not benefit from the dual system’s firm-based training to the same extent as their male counterparts. Women’s apprenticeships are more likely to take place in small firms that are less likely to retain apprentices; these small firms often use apprentices as cheap labor, and instead of retaining their trainees, will replace them with a fresh set of apprentices (Kruger, 1999). Subsequently, women are also more likely to leave their training firm when finding first employment positions, and are also more likely to be employed in a position below their qualification level (de la Fuente and Ciccone, 2002). For full-time medium skilled women in West Germany (this indicates non-tertiary vocational training), their wage growth between 1975 and 1995 was found to be just one third of their male counterparts, and wage growth was even lower for part-time medium skilled women (Fitzenberger and Wunderlich, 2002).

As discussed above, an education gap between men and women exists, but has narrowed in the recent decade. Additionally, the proportion of low skilled Germans is still significantly smaller when compared to levels in the USA and the UK. But still, since the mid-90s, the low wage sector has grown considerably. The undelivered promise of Germany’s VET system for women trainees is key here. A study from the European Commission reports that among low-wage workers in Germany, where women are overwhelmingly overrepresented (composing just under 70 per cent of low paid employees), only one in five are actually categorized as low skill. “The percentage of employees with a vocational or academic degree among low-wage workers rose significantly from 1995 to 2008, namely from 67.1% to 79.2%” (Bosch and Weinkopf, 2010, p.11). On the other hand, 70 per cent of low-wage workers in the US have only a high school education or an educational attainment lower than a completed German apprenticeship (ibid.).

4.3.3 Women’s Labor Market Participation – Activity Rates and Part-time Work

Next we look at how women’s labor market participation is shaped by increasing care-related employment risks and specific skills bias. As explained earlier, evidence of labor market outsiderness (lower activity rates and higher part-time employment, in this analysis) is generated by both bias from firms, as well as women’s personal choices, as influenced by costs and incentives. Care-related employment risks and employer bias influence women’s decisions related to skills investment, women are therefore more likely to hold general skills.
With the deregulation of the labor contract, firms exploit the productivity of general skills by employing flexible employment. As the majority of general skills workers in a specific skills economy, women are more vulnerable to part-time work, but also have their choice to withdraw from work periodically or go part-time subsidized by lengthened leaves and expensive childcare. A feedback mechanism is created, influencing women’s individual choices and firms’ employment strategies.

Looking broadly at activity levels to set the scene, we see that Continental Europe was late to the game when it came to family policy; well known for its institutional support for the male breadwinner model and traditional gender division of labor. Women’s labor market participation remained low until the last few decades, especially in Germany.

### Table 5
**Women’s Activity Rate, 1980-2010, Total 15+ years of age**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>n/a</td>
<td>56.9</td>
<td>58.1</td>
<td>58.3</td>
<td>59.1</td>
<td>60.8</td>
<td>61.8</td>
<td>62.5</td>
<td>64.8</td>
<td>65.4</td>
<td>66.4</td>
</tr>
<tr>
<td>Germany</td>
<td>52.8</td>
<td>52.5</td>
<td>53.1</td>
<td>55.1</td>
<td>61.3</td>
<td>61.5</td>
<td>63.0</td>
<td>64.4</td>
<td>66.3</td>
<td>70.2</td>
<td>71.8</td>
</tr>
<tr>
<td>Denmark</td>
<td>n/a</td>
<td>72.8</td>
<td>77.1</td>
<td>77.3</td>
<td>79.1</td>
<td>73.6</td>
<td>75.5</td>
<td>75.9</td>
<td>76.9</td>
<td>77.1</td>
<td>76.9</td>
</tr>
<tr>
<td>UK</td>
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<td>n/a</td>
<td>64.4</td>
<td>67.8</td>
<td>67.9</td>
<td>68.8</td>
<td>69.7</td>
<td>70.6</td>
<td>71.0</td>
<td>71.9</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>61.5</td>
<td>63.5</td>
<td>66.6</td>
<td>69.5</td>
<td>70.2</td>
<td>71.6</td>
<td>72.5</td>
<td>72.4</td>
<td>71.5</td>
<td>71.7</td>
<td>71.4</td>
</tr>
</tbody>
</table>

Data extracted from OECD.stat, 2013

Particularly when compared to women’s labor market participation rates in Scandinavia (represented by Denmark) and also compared to liberal market economies (represented by the UK and the US), women’s participation rates in Continental Europe in the early 80s were much lower. By the 1990s, France and Germany were still behind, with Denmark making major gains. But Germany had experienced a nearly 10% increase in women’s participation by 1992, whereas France had only minor gains. Despite women in France having a stronger history of employment activity than women in Germany, France has made only small gains in the past two decades and the participation rate for women currently trails Germany, Denmark, the UK, and the US.

Focusing next on the detailed data for France and Germany, our case studies, we can look at activity rates by educational attainment for women compared to their male counterparts. For this data, we have reserved our analysis to women in the 25 to 49 years of age category. This is because we do not want employment effects due to youth or old age to impact our analysis, and want to best observe the impact of care-related employment risks.
and specific skills bias on women’s labor market participation during prime career points in the employment biography. Unfortunately, this data is only available as of 1993, limiting the conclusions we can make about the impact of family policy during the dualization era. Despite this limitation, the available data is worthy of our attention and can be mined for evidence of anticipated trends. Also notable is the fact that women on childcare leave are generally counted by the census as employed. Therefore, any reduced attachment to the labor market by women as shaped by maternity and parental leaves is not immediately reflected in this data.

Figure 8
Germany - Women's Activity Rates by Educational Attainment (Age 25-49)

Data Source: Eurostat, Activity rates by sex, age and highest level of education attained (%), 2013.
Since 1992 there has been an overall increase in female activity in Germany (figure 8). This increase seems to be most heavily represented among women who hold level 3-4 and level 5-6 educations. Activity among women with level 0-2 educations has generally held steady.

For men, the overall activity rate has dipped over the last 20 years but has returned to 1992 levels (figure 9). There has been a significant decrease in employment rates over the last two decades for men with level 0-2 educations.

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12 International Standard Classification of Education (ISCED). Levels 0-2 span from pre-primary education to lower secondary. Levels 3-4 span upper secondary to post-secondary non-tertiary education. Majority of VET training, such as apprenticeships, is categorized at this level. Levels 5-6 span increasing tertiary educational attainment.
The activity rates of women in France since 1993 have risen overall, but like with Germany, these increases are mostly represented among women with level 3-4 and level 5-6 educations (figure 10). Compared to Germany, the gains among these categories of women were not as dramatic. This is probably due to the fact that French women already had high levels of participation relative to women in other Continental European countries. But
analogous to their similarly educated German counterparts, the activity rate among women with level 0-2 educations has held steady.

For men, activity levels have remained approximately the same level, with a decrease since 2000 among men with level 0-2 educations (figure 11).

Figure 12

*Germany - Women's % Part-time Employment by Educational Attainment (Age 25-49)*

Figure 13

*Germany - Men's % Part-time Employment by Educational Attainment (Age 25-49)*
The percentage of employed women in part-time work in Germany has majorly increased since 1992. These increases have been greatest for women with level 0-2 educations (over 50% increase), but have occurred for women at all education levels (figure 12).

Male part-time employment has also increased, although it is not comparable to the rise in part-time work for women. The percentage of employed men in part-time work has increased the most for men with level 0-2 educations (figure 13).

Figure 14
France - Women's % Part-Time Employment by Educational Attainment (Age 25-49)

Data Source: Eurostat, Full-time and part-time employment by sex, age and highest level of education attained (1000), 2013
Since 1993, there has been an increase in the percentage of active women in part-time employment in France. Over the last 20 years the increase has been across education levels, with the largest increase for women with level 0-2 educations. This is interesting in the context of France, where the full-time employment of women has historically been higher than elsewhere in Europe. There has also been an increase in part-time employment for men - although compared to the trends for women this appears negligible.

While both France and Germany saw similar trends between 1980 and 2000 in lengthened parental leaves with low benefit rates, the incentivizing of part-time work, and a lack of development of childcare resources, France’s family policies differ distinctly from those of Germany, and proffers less care-related employment risks onto women relative to German women. Increasing care-related employment risks interact with a VET system to generate specific skills gender bias against German women. While women in France face care-related risks as well, the non-institutionalized and less prominent VET system does not significantly benefit men over women. Less specific skills gender bias against French women is expected. When it comes to the growth of atypical work, we should expect French women to have employment biographies that are more similar to those of French men when compared to their German equivalents. German women would be more vulnerable to atypical work, based on their gender. Since care-related employment risks and access to vocational
training more directly affects low and medium skill women, we also anticipate stratification in atypical work, with low and medium skill women being more vulnerable than high skill women.

In the first set of figures (8 to 11) above, regarding activity rates, we see that for women with educational attainment above level 2, there was a convergence between France and Germany in activity levels. As expected, the activity levels of women with low skills do not experience any growth, but French women with level 0-2 educations have an activity rate 10 per cent higher than their German counterparts (~60 per cent versus ~70 per cent, respectively).

In the second set of figures (12 to 15), the proportion of German women in part-time employment dramatically increases since 1992. This trend is most acutely observed in the category of women with level 0-2 educations, with an increase the percentage of women in part-time work of over 50 per cent between 1992 and 2012. Major increases are also experienced by the medium educated. Less expected, particularly to the degree shown, is the growth in part-time work among highly educated women during this time. This growth in part-time work among high and medium skilled women plateaus in 2006. Although the rate of part-time work for women is stratified by skill level, as anticipated, there were significant increases for women at all education levels.

In France, the percentage of women in part-time employment also increased since 1993 and then plateaued in 1999, but the gains here are not at a rate comparable to that in Germany. As expected, the most dramatic increase was among women with level 0-2 educations. And as anticipated, French women’s activity trends overall appear more similar to the trends of French men when compared to their German counterparts.

Importantly, we see that while the impact of care-related employment risks is anticipated to affect women differently based on their skill level, there is still segmenting effects for all women. Even those who are high skill are touched by the specific skills and career opportunity bias in such an environment. This may be due to the fact that specific skills bias, while most acutely affecting the training opportunities of women who do not access higher education, creates a segregated labor market that also holds vertically. This point is gleamed from Estévez-Abe’s work (2006): she found that within specific skills labor markets with VET systems, women were also less likely to be found in management roles. In
her research she found that women in Germany and France fared equally in this regard, but the data dates back to 1997.

More recent data shows that major gains have been made in women’s representation in senior management roles in France. From 2004 to 2012, the representation of women in these roles increased from 21 to 24 per cent. On the other hand, Germany saw a decrease in women’s representation during that time from 16 to 13 per cent (Grant Thorton, 2012). High skill women in France, aided by the option for brief childcare leaves, accessible higher education, crèches, and subsidized individual childcare solutions, have made gains in the economy. For German women, part-time work and activity rates are stratified by skill level. But a lack of state support for childcare solutions (public or otherwise) and long leaves affect more women, hence the dramatically higher and increasing part-time rates for women in the medium to high skill categories in Germany. High and medium skill German women therefore also suffer from career limitations similar to their lower skilled counterparts.

Gender wage gaps are also reflective of the distinction between Germany and France in terms of how gendered career limitations are stratified by skill level. The wage gap is significantly higher in Germany than in France. Additionally, the wage gap in France has decreased in past years, and is affected by a woman workers’ age, working time, skill level. In particular, women at higher skill levels experience a lower gender wage gap. On the other hand, the gender wage gap in Germany has remained steady over the past two decades, and personal characteristics like education, age, and years of employment only contribute minimally (Plantenga and Remery, 2006).
5. Discussion

As expected, the French and German case studies illustrate that high care-related employment risks attributed to women by lengthened parental leaves and underdeveloped childcare resources differently incentivizes women and employers when it comes to investment in human capital. The segregation between women and men in skills investment and career opportunities is worse in Germany than in France. In the former, women face higher care-related employment risks and the VET system is institutionalized and managed by the social partners. France is a mixed economy according to the VOC literature, where specific skills play a less significant role and the VET system is only a minor institution structuring the labor market.

While women in both countries were burdened with higher levels of care-related employment risk, the specific skills bias against women is higher in Germany than in France. As shown, part-time work grew among women in both countries, and gender therefore typified the growing secondary labor markets in France and Germany. But German women are more vulnerable to part-time work status than their French counterparts, because of higher and more significant specific skills bias against them.

What is difficult to assess is the extent to which these results can be attributed to family policy reforms between the 1980s-2000s, in dynamic with the VET system. There are a few points to consider. First, while the reforms to family policy between 1980 and 2000 lengthened parental leaves for many mothers and did not contribute to the development of childcare resources, they also do not represent major shifts from previous policies. While previous policies did not feature such long childcare leaves, the same lack of childcare solutions – especially in Germany – existed. But temporally, the introduction of the reforms in the era in question is important. The lengthening leave policies were introduced at the time when more women were looking to enter the labor market, thus structuring this entrance and the terms of participation.

Second, the rate of part-time work among women is not perfectly predicted by the childcare policy-VET institutional dynamic. Part-time childcare in Germany, and the reconciliation of part-time work and childcare leave benefits in both Germany and France means that part-time work was incentivized for women in ways not previously observed in
either economy. We anticipated that part-time work would therefore be on the rise among women, but mostly for those with low to medium skills that are targeted by the means-tested childcare leaves. Growth in the proportion of active women working part-time was stratified by skill level, as expected, but there was still significant growth in part-time work for high skill women in France, but most startlingly in Germany. This trend was not paralleled by any increase in part-time work for high skill men in either country. As such, a consideration of part-time work must also include an account of labor market policies regulating part-time work in both Germany and France.

Part-time workers in Germany can belong to one of three categories: regular part-time, mini-job, or midi-job. Mini-jobs are part-time employment that was introduced explicitly in the 1960s to encourage the marginal employment of housewives (Weinkopf, 2009). The jobs were exempt from social insurance contributions, required less than 15 work hours per week, and were remunerated below EUR325 per month. Firms’ use of this marginal employment status expanded over the next few decades, especially in the newly developing service sector. Ironically, reforms in 1999 to employer contributions to social insurance reserves for mini-jobs were paid into a fund that was of little benefit to mini-job holders, since they were not entitled to unemployment insurance and had profoundly low pension entitlements (Palier and Thelen, 2010). The Hartz reforms of 2003 further institutionalized mini-jobs and increased the maximum wage to EUR400 per month and eliminated the 15-hour week limit, as well as introduced midi-jobs that paid between 401 and 800 euros per month. These marginal part-time jobs were also exempted from comprehensive social security and tax contributions (Keller and Seifert, 2005).

In France, the use of part-time work started in the 1970s but without explicit regulation. Only in the early ‘80s was legislation regarding the regulation of part-time work passed, and the regulation reforms were continuous through to the ‘90s. The objectives of these reforms were to use part-time employment as a way of sharing work and reducing unemployment, and also to allow employers’ to utilize part-time work in creating more flexible operating conditions. (Laulom, 2011). Employers had been pushing since the early ‘80s for improved labor market flexibility (Palier and Thelen, 2010). As a result France had a very developed regime of financial assistance for part-time jobs that was essentially a
reduction in social security payments as high as 50% for employers who hired part-time workers (Laulom, 2011).

Notably, the Aubrey legislation (1998 and 2000) marked a change in the promotion of part-time work. With this legislation, the government wanted to encourage a general reduction in regular work hours in order to incentivize employers’ creation or preservation of jobs. Part-time jobs worked against this objective, because employers may have found part-time employment more attractive than the reduction of regular work hours. The Aubrey legislation therefore bought about the end of subsidies incentivizing part-time work (Laulom, 2011). We can observe the plateau of part-time work trends in the related graphs above (7 and 8).

In sum, we see that legislation regulating part-time work has been introduced in both France and Germany since the 1980s. Many of these reforms extended new protection and social security entitlements to regular part-time workers, and as in Germany, there was also the growth of marginal part-time jobs. With this though, the regularization of part-time work was actively pursued and promoted in order to improve labor market flexibility and operational strategies for employers. The flexibility in part-time work is a major discrepancy with the tight regulation of regular employment in Germany and France, and consequently part-time workers suffer from lower wages, receive less investment in training, and fewer opportunities for career investment.

The encouragement of part-time work in France and Germany contributes to the explanation of the dramatic rise of part-time employment, particularly for high skill women. While high skill women are not likely to face childcare dilemmas, they were eligible for the earlier reforms that lengthened leaves during in the decade before the dualizing era (1980-2000). Lengthened leaves would increase the care-related risk attributed to even high skilled women. With atypical work being encouraged by reforms to part-time employment policies, efforts to flexibilize high skilled workers mean women would be most likely to be employed atypically. This is most acutely seen in Germany; Schönberg and Ludsteck (2006) show that the lengthened childcare leaves in Germany increased the rate of part-time work among women who returned to employment.

Additionally, the family policy-VET system institutional analysis shows that the reforms to labor regulation that encouraged atypical work, such as part-time employment,
were also complemented by reforms to family policy during the dualizing era of 1980 to 2000. As part-time employment was being endorsed, as were family policies that partially commodified a large proportion of women’s labor. There is institutional complementarity between the labor market reforms that encouraged part-time work and the family policies that looked to attenuate women’s attachment to the labor market with long leaves that could be reconciled with part-time work, and a dearth of childcare options.

5.1 Growth and Productivity in the Service Sector

The establishment and expansion of the secondary labor market is also attributed to the growth of the service sector. The service sector is said to utilize general skills rather than specific skills, which are employed in the core manufacturing industries. As such, flexible product market strategies are in use in the service sector, where women are disproportionately employed. This stands as an alternative explanation for the increase in gendered part-time work in coordinated market economies.

The key literature on this subject is by Iversen and Wren (1998). They delineate the trilemma of the service economy: the nascent challenge to advanced industrialized states affects both LMEs and CMEs. The growth of the service sector relative to manufacturing means that productivity growth becomes slow or masks declining quality. Declining productivity is coupled with a lack of employment growth, and LMEs have an advantage with private service sector employment growth due to labor market flexibility. As such, the new and expanding secondary labor market in CMEs, such as the increase over the last two decades in the proportion of employed women working part-time in both Germany and France, can be explained as an implementation of LME-style employment strategies as required by a growing service sector in Continental Europe.

But the expansion of the service sector does not automatically necessitate convergence on the liberal economic model of employment in said sector. Essentially, the shift to an economy dominated by service sector employment rather than manufacturing does not change the analysis offered by Varieties of Capitalism. As Hall and Soskice explain in response to their critics on this point: “Many of our claims about relations within and among firms apply to services as well as manufacturing with equal force” (2003, p. 242). Often the entire service sector is portrayed as a composition of low-skill, low-productivity industries.
But of course the service sector is diverse, and while covering personal and retail industries, also includes information-heavy services that characterize the new knowledge-based economy, like finance and consulting. It encompasses many positions requiring different skill-levels and experience, and there are many “examples in which well-trained experienced and responsible staff can be a competitive advantage” (ibid.). In sum, a crucial reason why a growing service sector does not challenge the fundamental differences in the economic organization of CMEs and LMEs is that the shift from more traditional sector employment does not necessitate, as cited above, the establishment of a general skills economy.

This brings us to how the institutional dynamic between the vocational and educational training system on one hand and family policies on the other is a critical dyad that is posed to disincentivize the coordination that is fundamental to the specific skill welfare production regime. For many OCED countries, future growth will be pursued within the service sector, and is where new jobs are created. The growth of the service sector is occurring simultaneously with the influx of women in the labor market. How women’s employment is shaped – by family policies and the VET system – will therefore contribute to what kind of product strategies will be utilized in the service sector, whether low productivity and utilizing labor flexibility or knowledge-based and requiring a highly skilled workforce.

In Germany, the segregation between male and female employment either excludes or makes institutionally unlikely the possibility for a high skill service sector to develop. First, a larger proportion of women are employed in the growing service sector, and part-time work is highly prevalent there. Across all industries, women make up the large majority of part-time workers. But in the service sectors (see table 6 below), the number of women working part-time is nearly equal to the number in full-time employment. Sex segregation is significantly higher among part-time than full-time workers. In particular, women in part-time work show a much less diversified occupational structure, meaning that women are more likely to get slotted into stereotypically feminine jobs (Bettio and Verashchagina, 2008). Second, employment growth is disproportionately represented within the service sector.

Long leaves and high rates of part-time work mean that women do not accumulate human capital over their work lives similarly to men, and women at low and medium skill levels are the most highly disadvantaged. As a result we see that the wage cycle for low and
medium-skilled women is very low compared to their male counterparts, implying that there is little career and skills growth (Fitzenberger and Wunderlich, 2002). The divergence between the male and female employment biography, and resulting skills and career segregation, hinders the diffusion of skills across the service sector. As Lauder explains: “The problem is not merely that women are excluded from particular types of knowledge but that stereotyping inhibits progression up the credential ladder and hence the possibility of combining knowledge and experience in novel ways” (2001, p. 173).

This function of skills diffusion is a critical mechanism necessary for the niche-market targeting, advanced skill enabled productivity gains, incremental innovation, and other specific skill product strategies. The different incentive structure with regards to skills training and specific skills career opportunities for women and firms that employ women is not complementary to the product strategies that proffer the competitive edge for coordinated market economies. Instead of high quality employment and high technology innovation, low-wage work has been used to gain productivity in the service sector. Breaking from previous trends, low-wage work in Germany expanded since the mid-90s and levels of low-wage work exceeds the European Union’s average (Bosch and Kalina, 2008).

### Table 6:
The Distribution of Women’s Employment, Across Sectors and by Part-time and Full-time Employment, 2008 (Age 25-49 years)

<table>
<thead>
<tr>
<th>Industry</th>
<th>France</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FT</td>
<td>PT</td>
</tr>
<tr>
<td>Industry</td>
<td>% of employees who are female (1000s)</td>
<td>% of employees who are female (1000s)</td>
</tr>
<tr>
<td>Industry</td>
<td>FT</td>
<td>PT</td>
</tr>
<tr>
<td>Construction</td>
<td>20 (781)</td>
<td>17 (1,084)</td>
</tr>
<tr>
<td>Construction</td>
<td>79 (166)</td>
<td>81 (642)</td>
</tr>
<tr>
<td>Construction</td>
<td>FT</td>
<td>PT</td>
</tr>
<tr>
<td>Services</td>
<td>7 (80)</td>
<td>6 (89.4)</td>
</tr>
<tr>
<td>Services</td>
<td>72 (32)</td>
<td>61 (97.1)</td>
</tr>
<tr>
<td>Services</td>
<td>FT</td>
<td>PT</td>
</tr>
<tr>
<td>(except public administration and services)</td>
<td>48 (4,925)</td>
<td>42 (4,580)</td>
</tr>
<tr>
<td>(except public administration and services)</td>
<td>87 (2,081)</td>
<td>86 (4,344)</td>
</tr>
<tr>
<td>Services</td>
<td>FT</td>
<td>PT</td>
</tr>
<tr>
<td>(except public administration and services)</td>
<td>39 (2,152)</td>
<td>34 (2,194)</td>
</tr>
<tr>
<td>(except public administration and services)</td>
<td>84 (722)</td>
<td>84 (2,098)</td>
</tr>
</tbody>
</table>

Data Source: Eurostat, Full-time and part-time employment by sex, age and economic activity (1000), 2013

The picture regarding productivity in France is not as clear. Women are also heavily represented among part-time workers, but are heavily outnumbered by the full-time employed. Additionally, a large public sector employs large number of women workers. But for France, a mixed CME/LME state, the large share of both male and female low skill workers complicates the analysis.
5.2 A Brief Nordic Comparison – Something is not rotten in the state of Denmark

To further consider the accuracy of the family policy-VET institutional dyad in describing the institutional basis of the gendered labor market and its broader ramifications, it is worth briefly reflecting on a social democratic example.

Denmark’s family policies between 1980 to 2000 were changed to more accurately suit the reality of working women. Before 1980, maternity leave was 14 weeks in length and parental leave was not introduced until 1984. The leaves were not heavily institutionalized into labor market policy. In the 80s and 90s the leaves were lengthened and institutionalized, but unlike leaves in France and Germany, the total childcare leave was well below one year in length, and reflected previous earned wages as opposed to being a childcare allowance. Additionally, Denmark was one of the first countries to experiment with reserved leaves for fathers, showing an attempt to distribute care-related employment risks across both male and female workers. With regards to childcare policy, Denmark has developed a public system of care for school age and under-three children. In 2002, 78 per cent of children age one and two were in childcare (Finch, 2006).

While gendered occupational segregation does exist in Scandinavia, to which the VET system itself can be credited, vocational training has increasingly become school-based rather than apprenticeship-based. Nelson (2012) explains that in Denmark, the VET system has continuously been expanded to include all segments of the labor market, and facilitates initial and continual training for workers. Employers have not been incentivized to transform their product strategies to make use of a growth in general skilled labor. Instead the major activation policies of the 90s worked to employ labor outsiders by including them as skilled labor, as opposed to increasing their employability by deregulating the labor contract. As a result, Denmark is recognized for the rapid rate of gender desegregation (Bettio and Verashchagina, 2008).

13 OECD Family database.
Looking at the activity rates of men and women in Denmark, the trends are dissimilar from those of France and Germany. There is no increase in women activity rates because they had already reached high levels previous to the 1990s. Notably, there is a fluctuating pattern in the activity rate of women with levels 0-2 education. This is also reflected in the activity rates of male counterparts.

Scandinavian economies were previously known for their high levels of part-time employment. But the region has recently been seeing significant decreases in gender segregation within the labor market, and a decline in part-time rates among women (Ellingsæter, 2013). Compared to other Nordic economies, Denmark has not had a major decline in part-time work, but levels have held steady. On the other hand, part-time work among men is increasing. Most notable about this data is the how these trends hold across...
skill levels: the rate of part-time work is not heavily stratified by skill levels as it is for France, and even more so in Germany. Both rising male part-time rates and part-time rates being more equal across skill levels implies that part-time work is becoming more regularized rather than being used as simply a flexibility-enhancing strategy for low skill and low wage employment.

Furthermore, new innovative productivity within the service sector in Nordic states, utilizing high technology and high quality employment, indicates that low skill, low wage service sector growth is not inevitable for Denmark. Coined “creative corporatism” (Ornston, 2012, 2013; Huo and Stephens, 2012; Kristensen and Lilja, 2011) the coordinated economic model is transformed and expanding in the service sector as anticipated by Hall and Soskice (2003). Investment in childcare in Nordic economies is credited with increasing employment, high quality employment in particular (Huo and Stephens, 2012, citing Nelson and Stephens, 2011). Childcare stops skill atrophy among women workers and also invests in early cognitive development in children, which ensures high skill competency in later ages (ibid.).
6. Conclusion

Thelen argues that political science’s dualization literature is impoverished by its weak connection to the *Varieties of Capitalism* debates: “In consequence, most of this work does not consider the ways in which producer-group politics and the dynamics of change in complementary institutional arenas…impinge on and interact with social policy outcomes” (2012, p. 150). With Palier, her work on dualization (2010) expounds on the entrenched cross-class coalition of producers and workers, which allowed for the establishment and growth of outsider workers with secondary and inferior employment status and social security protections. I contend that this analysis has little consideration of institutional arenas that critically impact women’s employment.

The gendered characteristic of dual labor markets is noted in the literature, but is simply attributed to women’s irregular employment biography, thus taking for granted and naturalizing the gender division of labor. In this paper, I expanded the institutional analysis of dualization in coordinated market economies by accounting for policy reforms that occurred in the sphere of family policy in dynamic with the vocational education and training system.

The gendered VOC framework predicts that in coordinated market economies, care-related employment risks attributed to women by the gender division of labor will result in a segregated labor market. The institutional complementarities that facilitate specific skills formation in male workers have distinct ramifications for women workers who are more likely to take time away from work to raise children. In particular, the prevalence of a formalized apprenticeship-based VET system is a key mechanism that creates sex segregation based on skills acquisition. In the standard story of economic competitiveness, coordinated economies rely on complementarities between a rigid labor market, a specific skilled workforce, and skill-intensive product strategies. But because women workers carry additional employment risks compared to their male counterparts, employers face divergent incentives in employment strategies and training, and women also face different incentives when it comes to personal investment in skills and attachment to work.

Fleshing out the details, family policies and the VET system were identified as the institutional dyad that shapes the divergent incentive structure for female employment, and subsequently, a segregated labor market. Women’s care-related employment risks, in
dynamic with a VET system, creates a specific skills bias against women that limits their opportunities to acquire human capital and have access to specific skills career opportunities.

When women’s activity rates were very low, this issue held less significance, but an important demographic transformation that characterizes dualization is the influx of women workers into the labor market. Family policy and the VET system therefore become critical sites for investigating labor market dualization. In my case studies I look at changes to family policy between 1980 and 2000 in France and Germany. Using the family policy-VET institutional dyad as a tool for analysis, we observe the impact of the dynamic on women’s rate of part-time work and skills acquisition. A brief comparison with Denmark is also included.

What we find is that the presence of risk-increasing family policies and an institutionalized apprenticeship-based VET system in Germany ensures that women have employment biographies very dissimilar to those of men, which heavily influences female skills acquisition. Female outsider status is predicted to disincentivize future coordinated growth in the service sector, as gender segregation disallows the skills diffusion and other creative functions necessary for the innovative product strategies CMEs were once known for to flourish and develop in the growing service sector. Increasing levels of low wage employment is instead a significant part of Germany’s current economic landscape. French women have work biographies more similar to their male counterparts and have more equal access to educational opportunities. In particular, high skill women in France are empowered by the family policy-VET institutional constellation. France’s mixed CME/LME status makes this analysis difficult though; high rates of low skills among the entire population means it is more difficult to make conjectures about how women’s outsider status will impact future growth.

Denmark, in a brief comparison, shows how family policies that attempt to ameliorate the care-related employment risk on women workers, and a VET system that allows women to access skills training and upgrading, have attributed to labor market sex de-segregation and steady part-time employment levels. As a result, innovation and productivity in the service sector has continued to employ coordinated product strategies, using high technology and high quality employment.
The gendered characteristic of a dualistic labor market therefore suggests that growing labor market segregation does not just result in unequal distributional outcomes. With the proportion of women active in the labor market increasing, and the lack of family policies distributing care-related employment risks across both male and female employees, women workers and firms employing women face a very different incentive structure with regards to training and employment strategies. As coordinated market economies create growth and upkeep a system of social security based on a specific skills labor market and industrial product strategy, a dualistic labor market based on gender poses problems for maintaining the specific skills competitive institutional advantage.

An important closing point is the critical role gender plays in not just determining who is targeted by, but also in manifesting, dualism. Schwander and Häusermann’s (2013) analysis of who is an outsider shows an interesting, yet unexplained trend: the vulnerability of women to outsider labor market status is correlated with the pervasiveness and degree of “outsiderness” experienced in the overall economy. This indicates that the family policy-VET dynamic I have identified in this paper requires more attention, and is likely institutionally foundational to the entrenchment and expansion of the dual labor market.
Works Cited


