Women’s Advancement in Familialist States:  
A Comparative Study of Japan and Spain

Margarita Estévez-Abe  
Harvard University

and

Kenneth A. Dubin  
Universidad Carlos III, Madrid

Abstract

This paper proposes a rather unsettling thesis that men’s job insecurity at times is beneficial for women’s career advancement on the basis of a carefully matched comparison of Japan and Spain. The argument proceeds in three steps: (i) the type of the labor market matters in helping women move into high prestige “formerly” male occupations; (ii) internal labor markets are biased against women in ways that external labor markets are not; and (iii) when external shocks make it impossible for firms and public policy to sustain rigid internal labor markets, the erosion of internal labor markets opens up more high status jobs for women. Both Japan and Spain started out having few women-friendly policies; internationally very rigid internal labor markets and few female corporate managers. In the 1990s, the two countries diverged. Erosion of internal labor markets in Spain led to a rapid increase in the number of female corporate managers, while the robustness of internal labor markets in Japan resulted in dismal numbers of female corporate managers. This paper also compares how Japanese and Spanish women fare in jobs trapped in internal labor markets and those without.
I. Introduction: The Puzzle

Recent research has demonstrated that governments can improve women’s labor market opportunities through “women-friendly” policies. We can distinguish two sets of such policies: anti-discrimination legislation; and public support for working mothers. Examples of the former include: regulatory measures enforcing equal treatment of men and women in the labor market or setting quotas for women (O’Connor, Orloff and Shaver 1999; Chang 2000). Examples of the latter include: generous maternity leave, public daycare, and homecare services for the elderly and other dependents. Since family care responsibilities largely fall upon women’s shoulders in most societies, these policies help women remain active in the labor market during their childbearing years and through to retirement (Esping-Andersen 1999; Meyers, Gornick and Ross 1999). Furthermore, public provision of childcare and elderly care generates more employment opportunities for women, thus creating a virtuous circle of high labor force participation rates of women (Esping-Andersen 1999; Jytta Klausen in 1999).

Esping-Andersen (1999) has described Japan and Spain as prototypical familialist welfare states, where women provide most of the family care in the form of unpaid work at home. Japan and Spain compare poorly to other OECD countries in virtually all women-friendly policy areas.¹ Not only do they lag behind other countries in public childcare provision and the generosity of maternity and parental leaves, but they also lag behind in enforcing legal actions to promote gender equality at work.² Japanese and

---
¹ Also see Wilensky (1990).

² Spanish law, for example, prohibits job discrimination on the basis of gender. However, the absence of stiff penalties provides little incentive to alter long-established practices: hiring ads specifying the desired gender and age of candidates can be found every day in Spanish
Spanish women suffer as a consequence. They dedicate far more time to household chores than do the bulk of their West European counterparts. When women work, the workplace culture is not exactly welcoming. More than 80% of female respondents in a survey conducted in these two countries reported that they had experienced sexual jokes and lewd comments at work! (Milkovich and Boudreau 1994:70-71)

It is thus not very surprising to see that Japan and Spain have recorded lower female labor force participation than many other OECD countries. Nor is it surprising that as younger cohorts of women began to work more, fertility rates declined. These two countries do not make it easy for women to combine family and work. Given these facts, one would also expect Japanese and Spanish women to suffer from greater job segregation. Since the government intervenes to a lesser degree on behalf of women, Japanese and Spanish women are likely to cluster in low paid jobs. Indeed, as expected, Japan and Spain stand out for the small number of female managers when compared to other major OECD countries (see Figure 1).

Does the absence of “women-friendly” policies really prevent women from occupying positions of responsibility at work? In an effort to answer this question, this paper focuses on vertical occupational segregation by gender. Scholars of occupational segregation have distinguished two kinds of segregation: horizontal and vertical (Hakim newspapers despite the fact that such ads clearly violate the law. For a recent comparative perspective see Cousins 2000.

3 The latest data on the subject shows that Spanish women continue to dedicate three hours more than men each day to tasks related to the home and family. “Las españolas dedican tres horas más al día que los hombres en tareas domésticas,” El País July 24, 2003. www.elpais.es. The study produced by the Spanish National Statistics Institute is available online at www.ine.es. In Japan, even among dual-income households, wives spend four hours more than their husbands in domestic work and family care (Government Survey on Time Use and Leisure Activities, 1997).
Horizontal segregation occurs when there is a concentration of the sexes in different industrial categories, such as service sector and manufacturing. Vertical segregation occurs when, even within the same broad occupational category, men concentrate in higher status (=and better-paid) occupations while women concentrate in lower status occupations. An obvious contrast can be drawn between managers (=male jobs) and secretaries (=female jobs). Medical occupations also provide good examples: physicians have been largely male in many countries, while nurses have been predominantly female. We might expect that such patterns of vertical segregation would be most pervasive where governments expend little capital on “women-friendly” policies.

Upon closer look, however, the absence of “women-friendly” policies does not explain patterns of vertical occupational segregation in Japan and Spain. Despite their similarly “women-unfriendly” cultures and public institutions, both Japan and Spain have witnessed a rapid rise in the number of female professionals outside the corporate world. Although Japanese and Spanish women have found it difficult to break into “high status” positions within corporations, they have found it relatively easier to move into “high status” professions such as physicians and lawyers (Figures 2 and 3).

Notwithstanding these similarities, Spain and Japan have begun to diverge in recent years. Spanish women have begun occupying more managerial positions in the private sector at a much more rapid pace than Japanese women. While the percentage of female managers has only grown from 5.1% in 1980 to 9.1% in 2001 in Japan, the comparable figures for Spain jumped up from 3% in 1984 to 17% in 2001.4

4 The figures for Japan are from ILO Yearbook of Labour Statistics. The 1984 figure for Spain is also from the ILO Yearbook. The 2001 figure is from the Spanish labor market survey, or EPA.
This paper thus asks the following question: What—aside from women-friendly policies—enables women to move into professional jobs traditionally considered “male”? This paper focuses on the role of labor market institutions in answering this question. More specifically, it pays close attention to different methods of job recruitment and job promotion that affect women’s chances at work. We argue that internal labor markets and employer-provided skill training tend to disadvantage women to a greater degree than other hiring and training practices. Ultimately, this paper argues that “women-friendly” policies are not a necessary route to gender equality. Changes in labor market institutions that apparently have little to do with women affect women’s chances in the labor market more profoundly than most scholars think.

It is with this theoretical goal in mind that we have chosen Japan and Spain—two worst performers in women-friendly policies—as comparative cases. For the period under study in this paper—since the 1970s up to today—both Japan and Spain have consistently scored low in women-friendly policies. This means that we can keep the effect of women-friendly policies constant when comparing the two countries. As for training and hiring practices, Japanese and Spanish firms have shared similarities until recently, although hiring practices in Spanish firms changed more drastically in recent years.

(Encuesta de la Población Activa, www.ine.es). The change in sources is obligated by a change in occupational classifications employed by the ILO for Spain from 1994 onward. The 1984 statistic is based on ISCO-1968, major group 2, which includes legislative officials, government administrators and private sector managers. The adoption of the ISCO-88 classification system in 1994 resulted in a one-year reported increase in women as a percentage of all managers from 12–32%, largely because the new figure included managers of micro-firms. The EPA number, in contrast, counts only private-sector managers in firms with more than ten salaried employees. This measure is even more restrictive than the ILO’s ISCO-1968 figure, meaning that the 2001 figure understates somewhat Spanish women’s advances since the mid-1980s. This EPA category is unavailable prior to 1994. For a discussion of the ILO classifications, see http://laborsta.ilo.org.

5 For a similar argument, see Estévez-Abe 1999a, 1999b and forthcoming.
years than in Japanese firms. The pairing of Japan and Spain thus provides us with an opportunity to examine the effects of labor market institutions on how women fare at work.

The Japan/Spain comparison challenges the widely accepted notions that “women-friendly” policies promote gender equality; or that the same factors that bring about “women-friendly” policies also lead to a more gender equal society. Neither of these views explains why Japanese and Spanish women found it easier to break into a subset of high status jobs but not others, or why these subsets should differ between these two countries.

The rest of this paper is organized in five sections. Section two presents two hypotheses to explain patterns of vertical segregation in Japan and Spain. Sections three, four and five examine the validity of the two hypotheses. Section three demonstrates the limits of human capital theory in explaining patterns of vertical segregation. Section four shows that labor market institutions explain why Japanese and Spanish women have been more successful in overcoming vertical segregation in some professions but not in others. Section five turns to recent advancements of Spanish women into managerial positions. It explains this trend in terms of the recent transformation of labor market institutions in Spain. Section six concludes by discussing policy implications of the findings in this paper.

II. Two Hypotheses

This section considers two related hypotheses—aside from the afore-mentioned “women-friendly” policies—that might explain vertical occupational segregation by
gender. We refer to one of them as “the human capital” thesis and the other as “the gender bias of the internal labor market” thesis.

The Human Capital Thesis: Women’s Human Capital

We derive this independent variable from human capital theory in labor economics. Many labor economists explain occupational segregation by gender in terms of differences in the amount of human capital between men and women. The core of the argument is two-fold: first, they assume that those who occupy high status jobs possess greater human capital than others; second, they assume that, as Gary Becker (1964; 1981) argued, strong normative expectations about gender roles lead families to invest less in their daughters’ education than in their sons’. Therefore, it is women’s inferior human capital that explains why there are few women at the higher end of the job hierarchy (Mincer 1974; Mincer and Polacheck 1974; Polachek 1975, 1979, 1981; Zolokar 1982).

From human capital theory, we can derive the hypothesis that the more women resemble men in their educational background, the better their representation in high status occupations will be. We should thus be able to explain patterns of vertical segregation in Japan and Spain in terms of patterns of women’s educational investment.

The “Gender Bias of Internal Labor Markets” Thesis

The second hypothesis concerns gender biases inherent in labor market institutions. The core of this hypothesis is that internal labor markets systematically discriminate against women. In other words, when skill training and recruitment for

---

6 The discussion here is parallel to the discussion of gender biases of skills in Estévez-Abe (1999a; 1999b; forthcoming).
higher positions take place within the firm, we are likely to see fewer women in those positions. Let us explain why.

Employer-provided training is more biased against women than school-based training, because employers who pay for the cost of training have greater incentives to avoid investing in women’s human capital. Employers who invest in human capital have incentives to lower labor turnover in order to recoup their investments. These employers are likely to discriminate against women in their training decisions, because women generally are more likely than men to withdraw from the labor market to assume childrearing responsibilities. As a result, women’s opportunities for human capital accumulation are reduced relative to men’s, creating a big hurdle for gender equality.

In contrast to employer-provided training, school-based education is much more gender-neutral. When admissions into schools are exam-based, there is little scope for discrimination. This means that if women can accumulate the same skills at school—indeed independently of employers’ “statistical discrimination”—women might be able to combat their disadvantage relative to men. For instance, consider that managerial training is also available outside the company, say, at a business school. Women thus have an option of paying for the school-based training themselves to solve the relative absence of employer-provided training opportunities. In short, occupational qualifications that one can pursue at school or by taking exams (i.e. bar exam) are much more accessible to women than employer-provided training.

---

7 In other words, the greater incidence of employer-provided training exacerbates the likelihood of what labor economists call “statistical discrimination” (see Mincer and Polachek 1974). Reskin and Roos (1990) explain employers’ aversion to hiring women in terms of employers’ tastes.
Unfortunately for women, there is yet another hurdle. Some employers recruit for high status occupations from within their organizations, while others select among applicants from the external labor market. When employers promote from within based on seniority, women are seriously disadvantaged. No matter how much skill an aspiring woman might have acquired outside the company to compensate for her employer’s unwillingness to invest in her, that skill will not be appreciated as much as her tenure with the company. However, since women are more likely than men to withdraw from the labor force due to the family responsibilities that fall upon their shoulders, women’s enterprise tenure is likely to be lower. Women’s short tenure relative to men thus leads to unfavorable representation of women in higher positions within the organization.

Hiring from external labor markets, in turn, is much more gender neutral. This is particularly so when hiring is based on one’s certified skills—i.e. school-based diploma or exam-based credentials. For the same reasons, exam-based recruitment (i.e. civil service exams) is also more gender-neutral.

In short, labor market institutions such as the pervasiveness of internal labor markets (in training and recruitment) and hiring based on certified credentials have different gender implications. This logic suggests we are likely to see fewer women in occupations where training takes place within the firm and promotion is based on enterprise seniority. By the same token, we are likely to see more women in professions for which job entry is based on certified credentials. Based on this logic, we can hypothesize that differences in training and hiring practices should explain both cross-national and within-country variations in vertical segregation.
III. Human Capital Investments and Occupational Patterns of Japanese and Spanish Women

Compared to twenty years ago, there are more professional women in Japan and Spain. Even in not-so-women friendly societies such as Japan and Spain, we find more women in high status occupations that used to be exclusively “male,” such as corporate managers, lawyers and physicians. Human Capital Theory (hereafter HCT) partly explains why. In recent decades, both Japanese and Spanish women have increased their educational investment. From 1975 to 1997, the number of Spanish women studying in universities increased by 334%, while male enrollment increased by only 125% in Spain. Japan has witnessed a similar trend in the increase of women who pursue university degrees. From 1975 to 2000, the number of Japanese women who graduated from university rose by 303%, while the same figure for men was 135%.

Such similar long-term trends notwithstanding, Spanish women have caught up with men more rapidly than their Japanese counterparts. While the percentage of people with tertiary degrees remains smaller in Spain than in Japan, Spanish women have done better than Japanese women at catching up with men. In 1975, 36.8% of all university students were women. In 2000, that figure had increased to 53.3%.8 In examining occupational segregation that might be caused by gender differences in human capital, the relative—rather than absolute—educational attainment between men and women matters more. In relative gender terms, Japanese women have also closed the gap with respect to men’s

---

educational attainment, but male students still comprise a majority on Japanese campuses.\textsuperscript{9}

Tables 1 and 2 compare the female ratio in university degree program enrollment in different subject areas in Japan and Spain. In both countries, women have been moving into “male subjects” such as the natural sciences, medicine, law, business studies and social sciences. Yet at the same time, these tables indicate that Spanish women have moved into “male subjects” to a much greater degree than have Japanese women. As a result, while the number of female scientists, engineers, lawyers and physicians relative to men has risen in both Japan and Spain, we see much more favorable ratios in Spain than in Japan (Figures 1 and 2).

[Table 1. The Female Ratio in University Degree Programs by Subject in Spain]

[Table 2. The Female Ratio in University Degree Programs by Subject in Japan ]

Tables 1 and 2 show that Spanish men and women are more equally distributed in different degree programs when disaggregated by disciplines. Not only do more Spanish women—relative to men—pursue university degrees but also they major in the same subjects as men do. Clearly, among the educated class, Spanish women resemble their male counterparts in the education and skills they acquire. The disappearance of a gender gap in human capital hence appears to explain Spain’s greater gender parity in professional jobs compared to Japan.

\textsuperscript{9} However, it appears that the \textit{absolute} levels of education in a society at the moment at which women begin to reduce their relative differences with respect to men’s attainments does affect women’s opportunities for success relative to men. We will return to this point in Section V.
Human capital theory, however, does not explain the continued absence of women among the managerial ranks in the two countries, despite women’s increased human capital. In both countries, we find more women enrolled in those degree programs associated with career-track white-collar jobs. In Japan, for instance, men who go into business have typically majored in the social sciences or engineering. In recent years, we see the percentage of women increase very rapidly in these degree programs (Table 2). Similarly, in Spain, the number of women who major in business management has grown significantly. Why women’s employment performance has not matched their educational investments remains a puzzle.10

IV. Educational Investment, Internal Labor Market and Gender Parity

Human capital theory *per se* fails to explain why, despite women’s increased human capital accumulation, women continue to be under-represented among corporate managers. In order to answer this question, we need to consider the human resource management practices that have affected women’s opportunities within Japanese and Spanish corporations. This section argues that employers’ greater reliance on internal labor markets for their managerial recruitment is responsible for low numbers of female managers in Japan and Spain.

10 Another intriguing question that appears in comparing Spanish and Japanese women’s educational investment patterns is why Spanish women’s choice of academic degrees varies so much from their Japanese counterparts. Although a more detailed breakdown of enrollment is necessary to compare the two countries more fully, Tables 1 and 2 do demonstrate that gender ratio in different disciplines is much more egalitarian in Spain than in Japan. Why should women in two similarly *familialist* countries choose seemingly very different educational decisions? Since the consequence of these choices manifests itself as Spanish women’s greater advancement into professional jobs, this question begs for an answer. Human capital theory does not provide any answer to this puzzle because it is concerned with predicting the consequences of increased educational attainments rather than variance in the substance of higher education.
Japan and Spain have long resembled each other in their emphasis on internal labor markets. Corporate managers of private firms have typically been recruited internally both in Japan and Spain.\footnote{There is an abundance of case studies on the Japanese internal labor market as well as government statistics, \textit{Kôyô Kanri Chôsa} (Survey of Employment Management). By contrast, the literature on Spanish management trajectories, particularly in English, is quite thin. See Kohler and Woodard. 1997. For a study of selection criteria in Spanish firms see Poelmans, Chinchilla and Martí, Unpublished paper.} Japanese and Spanish firms thus contrast starkly with American firms that often recruit managers from the external market. Furthermore, enterprise tenure has been an important factor for promotion to managerial ranks in both Japan and Spain. About half of Japanese firms use enterprise tenure as one of the conditions for promotion to the managerial level according to a governmental survey while less than 7% of firms say that one’s educational background matters.\footnote{Ministry of Health, Labor and Welfare, \textit{Kôyô Kanri Chôsa}, 2002. A recent survey of some 1,530 Spanish human resource managers in medium and large-sized firms found that on a scale of 1-5 (5 meaning a clear preference), the mean preference for insiders in hiring was 2.87. Poelmans, Chinchilla and Cardona, 2003. Although we lack data for earlier years, the discussion Section V strongly suggests that Spanish managers’ preference for insiders was considerably higher just a few years ago.}

The importance of internal recruitment for corporate managers means that the external labor market for this job category has been limited. It also means that one’s school-based credentials matter little.\footnote{This does not mean that one’s education level does not matter in the Japanese labor market. Firms large enough to possess systematized internal labor markets do select new entrants on the basis of their educational record. Yet even in this case, except for engineering jobs, what one majored in matters little. What matters is which university one has graduated from, since employers use this information as a signal of the intellectual capability of the job applicant.} Figure 4 shows that the gap in female and male tenure rates is particularly large in Japan and Spain when compared to other major OECD countries. Given the importance of enterprise tenure for internal promotions in these two
countries, this explains why Japan and Spain also display low numbers of female managers (see Figure 1).

In order to examine the negative effects of internal labor market on women’s career advancement, we now consider how Japanese and Spanish women fare in high status occupations that are free from internal labor markets. While entry into managerial jobs often takes place via internal labor markets, job entry into some professional occupations is strictly qualification-based even in Japan and Spain. Despite the general career disadvantages that women in the two countries face vis-à-vis men, they should perform relatively better in professional occupations that are credentials-based rather than internal labor market-based.

The best examples of this type of professional occupations are physicians, dentists and lawyers. As in other OECD countries, entry into these job categories is strictly based on school-based training and government-authorized certification. Here we need to pay attention to the country-specific social and economic significance of some occupations. In Spain, being a pharmacist constitutes a highly prestigious and well-paid occupation. The number of drug stores has been strictly limited by law. Because of the extra rent caused by this regulation, a certified pharmacist—a requirement to operate a drug store—has become a very lucrative job. In Japan, certified accountants are highly

---

14 We do not discuss teachers here, because the female ratio among teachers has always been known to be much better than other occupational categories in most OECD countries. Since the aim here is to explain why women have found it easier to break into some “male occupations” than others, we exclude teachers from our analysis in this section.

15 University entrance exams for pharmacology degree programs were more competitive than degree programs for medicine until the mid-1980s.
prestigious professional jobs, as their numbers are kept small by controlling the number of people who pass a competitive annual certification exam.\textsuperscript{16}

Indeed, both Japanese and Spanish women do significantly better in the professional occupations mentioned above than in managerial jobs (Figures 1 and 2). All the professional occupations mentioned so far share one common feature: they permit women to set up their own practice, thereby shielding women from potential discrimination by employers. If potential employers such as hospitals and firms value long tenure and discriminate against women on statistical grounds, these professional women have the option of practicing on their own.\textsuperscript{17} The high projected earnings of these professional occupations make it possible to recoup the initial cost of setting up one’s own practice.

Such partial immunity to potential discrimination by employers appears to explain women’s program enrollment patterns. Degrees in engineering, computers and natural sciences do equip one with high levels of specialized knowledge like degrees in medicine. Nonetheless, these degrees mostly lead to corporate jobs in Japan and Spain. For instance, there are few opportunities for independent engineers. The majority of engineers thus work for manufacturing firms. This means that the same mechanism that prevents women from advancing into managerial positions trapped in internal labor markets also affects occupations such as engineers. Since engineers employed in firms

\textsuperscript{16} In Spain, by contrast, the government does not regulate access to the accounting profession, either directly or through government-licensed professional societies.

\textsuperscript{17} In Spain, women with a pharmacy degree can purchase a pharmacy license from retiring pharmacists or apply for new licensing in expanding communities (the number of pharmacy licenses is set by the number of residents). Female licensed accountants in Japan can start their own accounting firm at home. Similarly, female lawyers and physicians can start their own practice in both countries.
with strong internal labor markets increase their position and salary based on their enterprise tenure rather than school-based credentials, female graduates with science degrees are worse off than those with some other professional degrees. In this case, educational investments in highly specialized knowledge do not generate as consistent earnings projections as, say, being a physician. In fact, the female ratio for engineers lags behind female ratios of lawyers, physicians and dentists in both Japan and Spain.18

V. The Breakdown of ILM in Spain and its Persistence in Japan

This section now turns to the question of why, despite the pervasiveness of internal labor markets, Spanish women have achieved greater gains than their Japanese counterparts into corporate managerial jobs in recent years.19 A historical perspective helps explain the diverging paths of Japanese and Spanish women. To put it succinctly, the relative disappearance of internal labor markets in Spain during the last decade explains why Spanish women have done better than Japanese women since the early 1990s.

We have so far argued that the pervasiveness of internal labor markets in Japan and Spain prevented women from advancing into traditional male jobs that were accessed through internal labor markets. The other side of the coin of pervasive internal labor markets is the under-development of external labor markets for mid-career jobs. In both Japan and Spain, the cost of layoff is extremely high for mid-career workers because of institutional constraints. Table 3 compares major OECD countries in their strictness of

18 For the Spanish data on the female ratio among engineers, see column marked as PQMI in Figure 2.
employment protective legislation (EPL). In 1990, Japan and Spain scored among the most protective countries.

Aside from EPL, both unions and governments in Japan and Spain repeatedly intervened to protect jobs in declining sectors.\textsuperscript{20} Government bailouts of failing firms in declining sectors diverted resources that might have otherwise contributed toward the creation of jobs for younger workers—the segment of the active population where most women were concentrated. Union bargaining strategies emphasizing job protection over job creation likewise reinforced internal labor markets in both countries. In Spain, works councils could veto employer efforts to reorganize production with relative ease.\textsuperscript{21} In Japan, unions could often revoke layoffs and even bring back to their original jobs those who had been fired by resorting to legal actions (Ôtake and Fujikawa 2001).

Spain, however, moved away from internal labor markets protected by rigid labor regulations earlier than Japan. This divergence took place first as a response to Spain’s extremely high unemployment rates in the early 1980s and then as a response to the economic crisis in the early 1990s.\textsuperscript{22} The Socialist government adopted a two-pronged employment strategy in the face of these challenges.\textsuperscript{23} First, it provided (overwhelmingly male) workers in politically sensitive sunset industries generous layoff and early

\textsuperscript{19} Again, the percentage of women among managers in Japan only increased from 5.1 – 9.1\% between 1980 and 2001, while in Spain this percentage grew from 3 – 17\% from 1984 to 2001. See fn. 4 for sources.

\textsuperscript{20} The center-right UCD governments (1977-1982) continued to subsidize firms in sunset sectors like steel, shipping and mining and extended most of the rigid job protection rules that had been established by the Franco regime as compensation to workers for repressing collective rights. Layoff costs for permanent workers remained among the highest in Europe. See Fraile 1999.

\textsuperscript{21} Escobar 1993.

\textsuperscript{22} By 1984, Spain’s unemployment rates had reached 20.3\% for men and 25\% for women (Japan’s unemployment rates remained below 2\%).

\textsuperscript{23} Garrido 1993, 256.
retirement packages. The economic slowdown in the early 1990s led to more layoffs. More than 1.5 million men with “safe” permanent contracts lost their jobs between 1989 and 1993. Second, the government introduced legislative reforms that facilitated temporary contracting in 1984; and fully legalized temporary employment agencies in 1994. Furthermore, the government loosened previously strict employment regulation over the core workforce as well. As table 3 indicates, Spain reduced its EPL index about one point from 1990 to 1998. With temporary contracting greatly facilitated by reforms, employers quickly came to rely on these contracts to lower their wage bill and strengthen managerial discretion: precarious employment climbed from 15.6 of the total labor force.

24 The Socialist governments’ labor market policy marked a major departure from earlier policies of subsidies to ailing firms designed to protect existing jobs. The subsequent generalization (albeit at much less generous levels) of government subsidized early-retirements would by the 1990s help many larger firms to recycle their middle level management ranks, creating in the process important new opportunities for young women as well as men. See Navarro 1990.

25 Collective layoffs of permanent contract holders (i.e., “insiders”) affected approximately 210,000 workers in 1989, more than 310,000 in 1990 and again in 1991, approximately 340,000 in 1992, and more than 493,000 in 1993. In each of these years, men accounted for slightly less than 90% of all workers affected. Ministerio de Trabajo y Seguridad Social. 1990-1994. Estadística de Regulación de Empleo. (Madrid: MTSS).

26 With firms reluctant to hire given the high costs of laying off permanent workers, and unions reluctant to accept reductions in these layoff costs for their core constituency, temporary contracting seemed the perfect solution for opening opportunities for the baby boomers who had come to age during these years but could not find even their first job. For more on these reforms see Toharia and Malo 2000.

27 Because workers hired through temporary agencies were covered by a sectoral collective bargaining agreement that for many years offered salaries lower than those in most more established sectors, employers took advantage of this new sector to lower their wage bills. By late 1995, unions were vigorously denouncing both large employers for creating their own temporary employment agencies to reduce wage bills and small temp agencies for ignoring collective bargaining agreements. Even the umbrella employer association, CEOE, was forced to recognize that the number of fly-by-night firms in the sector was a serious problem. By 1998, temporary agencies managed almost 20% of all temporary contracts in Spain; the number of firms in the sector grew from almost none in 1994 to more than 450 four years later. Joañ Pons, Pere. 14 December 1995. “Los sindicatos denuncian que hay compañías que crean sus ETT para rebajar
force in 1985 to 32.2% in 1991.\textsuperscript{28} Liberalization of labor law brought about the emergence of an external labor market for non-professional and entry-level functions during the latter half of the 1980s. The rise in precarious employment thus signaled the breakdown of traditional career trajectories built around a single employer.

The emergence of an external labor market for temporary workers offered employers more than just cheap labor. Employers quickly discovered that temporary agencies and temporary contracts provided a low-cost, low-risk method for evaluating potential permanent hires. Economic pressures on internal labor markets also coincided with the professionalization of the human resource management function in large and medium-sized firms. Extensive interviews with consultants, labor lawyers representing employers, and senior managers at large firms confirm that Spanish employers largely ignored the strategic potential of the human resource function until the mid-1990s.\textsuperscript{29} Spanish managers in larger domestic firms sought to professionalize the HR function as hiring, promotion, and training issues came to be perceived for the first time as central to firm competitiveness. It is important to note that the dramatic increase in foreign direct investment in Spain during the 1990s—as a result of Spain’s joining the European Union—exposed Spanish domestic firms to the human resource management styles of multi-nationals. The arrival of this new breed of managers has brought a greater

---

\textsuperscript{28} European Commission 2000, 90.

\textsuperscript{29} A study of the evolution of Spanish firm’s human resource strategies can be found in Dubin 2002, chapter 5.
emphasis on hiring from external markets.\textsuperscript{30} Increasingly, Spanish employers focused on one’s qualification for managerial jobs rather than tenure.\textsuperscript{31}

For younger, educated Spanish women, the rapid weakening of internal labor markets meant more opportunities in previously “male” corporate jobs. We can observe the erosion of internal labor market in the decline of job tenure. New contracts were 40% of all existing workers in 1987, but 100% in 1997.\textsuperscript{32} A 1995 survey of 31-year olds provides a good account of the effects of the newly emerging external labor market.\textsuperscript{33} According to this survey, 68% of men and 56% of women had worked in more than one firm. Of these, 64% of men and 54% of women reported that the changes were associated with improvements in salary and responsibilities. The relative advantage of external labor markets for women is underlined by the fact that, of those who had not changed jobs, 61% of men but only 41% of women reported an upward career trajectory.

Japan displays a very different trajectory. The 1980s were the boom years in Japan (i.e. the so-called Bubble Economy) and Japanese employers faced a very tight labor market. The shortage of young university graduates was so acute that large firms began to hire female university graduates for career jobs for the first time in Japan.

Employers were seriously concerned about the long-term shortage of new graduates as

\begin{footnotesize}
\begin{itemize}
\item See Ibid.
\item This can be seen in the strikingly different educational levels by age cohort for those occupying the most senior job categories in the year 2000, ten years after the conclusion of the period under consideration here. For those ages 46-55 and 56-65 in 2000, approximately 49% were university graduates. The figure for those 36-45 is 69.6% and for those 26-35, 72.5%. The data is for the Greater Barcelona area only. Subirats 2003, 170.
\item Toharia et al 1998.
\item Planas et al 1995.
\end{itemize}
\end{footnotesize}
the Japanese demographic structure was aging (i.e. the younger cohorts were becoming smaller than the older ones). The percentage of women continuing university education and the percentage of female university graduates who entered the labor market to rose rapidly in the latter half of the 1980s. It seemed, for a brief moment, that educated young women were making inroad into “career-track” entry positions along with their male peers. The good years for Japanese women, however, were short-lived: the employment rates for new female graduates dropped a few years after the burst of the Bubble Economy following a steady rise during the previous two decades.

Japan entered a long era of economic recession after the burst of the Bubble Economy, with unemployment rates creeping up. While Japan’s internal labor markets are increasingly under pressure, no major firm has carried out layoffs. Other than a handful of financial institutions that have gone under, large firms have maintained their internal labor markets. They have done so by containing wage bills, encouraging early retirement and suppressing new hires. The decline in new hires has particularly hit university-educated women. Neither have Japan’s labor reforms in the late 1990s—lagging Spain by about a decade—helped women. They certainly expanded the scope of external labor markets for temporary workers, but not for jobs that led to “career track” jobs within companies that led to managerial jobs. Unlike in Spain, where both young men and women became temporary workers, in Japan temporary workers have been

---

34 Although the legislation of Equal Employment Opportunity Law in 1985 was flawed as regulation since it lacked any penalty on employers that violated the law, it nonetheless had a symbolic significance.

35 Japan introduced labor reforms similar to those introduced in Spain earlier by legalizing temporary employment contracts for a broader range of occupations and also opening the market—while still limited—for private employment agencies (see Estévez-Abe 2002b).
predominantly women. While firms eagerly introduced new human resources management practices, these mostly concerned reallocation of wages within the firm rather than revising hiring practices. As a result, even to date, job changes are more likely to reduce one’s wages than otherwise. This contrasts starkly with the new situation in the Spanish labor market mentioned earlier. (see Figure 4.)

The persistence of internal labor markets even during the economic crisis in Japan has largely closed off women’s chances in the corporate world. Nonetheless, interestingly, more and more young Japanese women continued to invest in higher education. As Figure 3 shows, educational investments of women more easily led to advancements of women into high status jobs that were not trapped in corporate ladders or were affected by employers’ discrimination. Young women successfully started investing in certified skills that led to high-paying professional occupations outside the corporate world in greater numbers. As Figure 3 shows how Japanese women fared better in professional jobs whose entry was based on examinations.

36 Cf. Higuchi (2001), Genda and Nakata eds. (2002), etc.

37 Recall that in Spain, multinational corporations that increased their presence in Spain during the 1990s affected the human resource management behavior of domestic firms. In Japan, too, multinational firms adopt a different manpower strategy by recruiting from the external labor market (i.e. head-hunting, etc). Women do significantly better in foreign-owned firms in Japan (interview with human resource manager at Accenture, Tokyo Office, August 2003). In Nissan, the percentage of women among the new hires has gone up to about 60% (this does not include engineers) since Renault has taken over its management (interview at Nissan, Tokyo, July 2003).

38 The relatively greater advance of Spanish women within the corporate ranks relative to their Japanese counterparts cannot be explained away simply as a product of Spain’s superior economic performance since the mid-1990s. In sharp contrast to the Spanish case, Japanese employers have not responded to prolonged economic stagnation by laying off insiders; rather, they have reduced hiring, restricting opportunities for younger, more educated women. Senior Japanese managers have been able to take this route in part because the human capital endowments of their existing (overwhelmingly male) middle managers and technical staff are quite high. Spanish executives were less tempted to take this path during the 1980s and early 1990s because the human capital endowments of most middle level “insiders” were well below world-class standards. As managers grew more aware of the superior formal training of younger Spaniards (skills distributed relatively equally among men and women), they had few incentives to
VI. Conclusion and Policy Implications

In this paper, we have argued that differences in labor market institutions—such as occupational training and hiring practices—affect gender equality in high status occupations. Rigid internal labor markets, we claim, disadvantage women by increasing the importance of employer-provided training and tenure-based recruitment of senior positions. We have discovered negative effects of internal labor markets on women’s career advancement both in Japan and Spain. Women in the two countries have succeeded in those occupations where training and hiring relied less on internal labor markets. Moreover, we have shown that the growth of an external labor market for corporate jobs in Spain has facilitated the advancement of women among Spanish management ranks.

A number of practical lessons can be drawn from our comparative study of Japan and Spain. One, other things being equal, the return on women’s educational investment is likely to be limited as far as the majority of high paying jobs are trapped in internal labor markets. Two, we may need to pay more attention to reforming labor market institutions aside from “women-friendly” policies. Based on the study of female advancement into “male jobs” in Japan and Spain, which consistently scored low on “women-friendly” policies, we can conclude that weakening of internal labor markets constitutes yet another way of promoting gender equality at work.

revitalize already compromised internal labor markets. In other words, the recent advances of Spanish women in management are at least as much the product of institutional reforms and the deficit of human capital among a previous generation of managers as they are the result of superior economic performance.
Tables and Figures

Figure 1. Women in Managerial Positions

% of Female Managers

Figure 2. Female Ratio in Various Professions in Spain (as % of total in each professional category)

Professionals by field according to associated 5-year university degree

- PQMI: Professionals in fields associated with 5-year university degrees in physics, chemistry, mathematics, and engineering
- Doctors, Pharmacists, and Dentists: practitioners registered with field’s licensing board:
- LAW: Practicing legal professionals in the province of Barcelona. The total number of registered professionals in the province in 2000 was 12,106.

Sources: Encuesta de Población Activa. Datos Históricos. INEbase. www.ine.es/inebase/cgi/axi; Ministry of Health, Instituto de Información Sanitaria; Colegio de Abogados de Barcelona.
Figure 3. Female Ratio in Various Professions in Japan (as % of total in each professional category)


Notes: Except for the % of women among corporate managers, all the other numbers indicate the post-graduate trajectories of new female university graduates.
Table 1. The Female Ratio in 4 and 5 Year University Degree Programs by Subject in Spain

<table>
<thead>
<tr>
<th></th>
<th>1983-84</th>
<th>1993-94</th>
<th>1999-00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>engineering programs:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>5.9</td>
<td>18.4</td>
<td>21.1</td>
</tr>
<tr>
<td>Computer</td>
<td>33.1</td>
<td>24.9</td>
<td>17.9</td>
</tr>
<tr>
<td>telecommunications</td>
<td>5.6</td>
<td>21.5</td>
<td>24.4</td>
</tr>
<tr>
<td>roads, canals, and bridges</td>
<td>6.1</td>
<td>20.3</td>
<td>25.5</td>
</tr>
<tr>
<td>Agricultural</td>
<td>21.2</td>
<td>35.1</td>
<td>40.8</td>
</tr>
<tr>
<td><strong>professional programs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architecture</td>
<td>20.5</td>
<td>35.8</td>
<td>43.4</td>
</tr>
<tr>
<td>business management</td>
<td>30.1</td>
<td>46.4</td>
<td>49.9</td>
</tr>
<tr>
<td>Dentistry</td>
<td></td>
<td></td>
<td>60.1</td>
</tr>
<tr>
<td>Law</td>
<td>43.5</td>
<td>54.5</td>
<td>55.8</td>
</tr>
<tr>
<td>Medicine</td>
<td>47.3</td>
<td>60.5</td>
<td>65.8</td>
</tr>
<tr>
<td>Pharmacology</td>
<td>69.0</td>
<td>69.0</td>
<td>72.8</td>
</tr>
<tr>
<td>veterinary sciences</td>
<td>36.4</td>
<td>53.5</td>
<td>60.0</td>
</tr>
<tr>
<td><strong>experimental sciences</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biology</td>
<td>47.4</td>
<td>60.1</td>
<td>63.4</td>
</tr>
<tr>
<td>Chemistry</td>
<td>44.6</td>
<td>52.8</td>
<td>58.6</td>
</tr>
</tbody>
</table>

Table 2. The Female Ratio in University Degree Programs by Subject in Japan

<table>
<thead>
<tr>
<th></th>
<th>Humanities</th>
<th>Social Sciences</th>
<th>Natural Sciences</th>
<th>Engineering</th>
<th>Agriculture</th>
<th>Medicine Dentistry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>58%</td>
<td>8%</td>
<td>16%</td>
<td>1.5%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>1985</td>
<td>59%</td>
<td>9%</td>
<td>18%</td>
<td>3%</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>1990</td>
<td>66%</td>
<td>15%</td>
<td>18%</td>
<td>4%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>1995</td>
<td>67%</td>
<td>21%</td>
<td>24%</td>
<td>8%</td>
<td>35%</td>
<td>29%</td>
</tr>
<tr>
<td>2000</td>
<td>67%</td>
<td>27%</td>
<td>25%</td>
<td>10%</td>
<td>40%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Figure 4. Advancement of Women into Male High Status Jobs in Japan and Spain

Figure 5. Female Average Enterprise Tenure as % of Male Average in 1990

### Table 3. The Relative Strength of Job Protection (as OECD’s Employment Protection Legislation Index)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Austria</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Canada</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Finland</td>
<td>2.5</td>
<td>2.3</td>
</tr>
<tr>
<td>France</td>
<td>2.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Germany,W</td>
<td>2.9</td>
<td>3</td>
</tr>
<tr>
<td>Greece</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Ireland</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Italy</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Japan</td>
<td><strong>2.5</strong></td>
<td><strong>3</strong></td>
</tr>
<tr>
<td>Netherlands</td>
<td>3.1</td>
<td>3.2</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Norway</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Portugal</td>
<td>5</td>
<td>4.3</td>
</tr>
<tr>
<td>Spain</td>
<td><strong>3.8</strong></td>
<td><strong>2.8</strong></td>
</tr>
<tr>
<td>Sweden</td>
<td>3.1</td>
<td>3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>UK</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>US</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

EPL for regular contracts

* A sub-domain that is included in the EPL measurement

Employment Outlook 1999; Nicoletti et al. 1999
Bibliography:


Estévez-Abe, Margarita (1999a) "Comparative Political Economy of Female Labor Force Participation: Germany and Japan in Comparative Context,” a paper prepared for American Political Science Association at Atlanta.


Estévez-Abe, Margarita (forthcoming) “Gendering the Varieties of Capitalism.”


Planas, J. et al. 1995. “La inserción social y profesional de las mujeres y los hombres de 31 años,” (Barcelona. Universitat Autònoma de Barcelona, Institut de Ciències de l’educació.)


Poelmans, Steven, Nuria Chinchilla and Ignasi Martí. “Criterios de decisión en los procesos de selección en España: ¿se discrimina a la mujer?” Unpublished paper (Barcelona: IESE, Universidad de Navarra, Fundación Adecco).


