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The gender pay implications of institutional and organisational wage-setting practices in Banking – a case study of Argentina and Chile

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ABSTRACT

This research explores the extent to which the interaction among payment systems and institutional arrangements together with internal and external labour market (ELM) dynamics influence gender pay processes and career progress for men and women graduates in the banking sectors of Argentina and Chile. The research follows a qualitative methods approach for the banking sector. The more inclusive Argentinian industrial relations system, reinforced by above-market collective pay agreements in banking and the economic instability of recent years, has restricted inter-firm mobility and generated a more gender-neutral distributional pay effect for graduates. By contrast, the more decentralised and individually-driven Chilean wage-setting system incentivises Chilean graduates to be more reactive to ELM opportunities to improve their wages. However, this greater mobility tends to benefit more men than women graduates because women tend to be more attached to their organisations. They also find their wage bargaining position weakened as a result of gender stereotyping, which reflects employer prejudices constructed in reaction to family support policies that are more generous than those in Argentina. Finally, the research argues that the more inclusive Argentinian industrial relations system limits gender bias in pay by providing more formalisation, centralisation and transparency in pay decisions compared to the more discretionally-driven decisions of the Chilean HRM system.

KEYWORDS

Pay; gender pay equity; industrial relations; HRM practices; university graduates

Introduction

This article investigates how pay practices and labour market dynamics (e.g. job mobility) may influence gender pay differentials in the banking sectors of Argentina and Chile. The motivations for this empirical research focus are threefold. First, inter-country comparison of a sector illuminates the diverse effects

of a given country's wider institutions and labour market conditions on HRM practices (Almond, 2011). Second, it reveals the potential for sub-national models of employment organisation (Wood & Lane, 2012). Third, growing labour demand for highly skilled women in banking justifies a targeted sector study to contribute to the knowledge base on how pay practices combined with other institutional and organisational factors influence gender pay differentials.

The theoretical approach is informed by contributions to the field of international HRM that recognise the influence of embedded norms and customs on HRM (Edwards et al., 2013). Furthermore, a focus on gender outcomes builds on those studies that identify distortions and imperfections in the functioning of labour markets. Even if there is evidence of dual-career families (Fischlmayr & Puchmüller, 2016), the influence of male breadwinner norms have persisted (Moreno, 2005) in addition to differences in male and female employees' bargaining power (Bartolucci, 2013) and the ambiguous effects of welfare institutions (Mandel & Semyonov, 2006).

Interrogation of HRM practices can reveal discriminatory employer behaviour in HRM processes such as salary offers upon hiring, retention pay, internal mobility and promotion among others.

In sum, this article aims to illuminate the kinds of institutional and organisational conditions that may lead to gender pay differentials for highly skilled professionals in the Argentinian and Chilean banking sectors. It is organised as follows. Section two reviews the literature and proposes a framework to study gendered pay effects from an institutional and organisational perspective. Section three details the method's approach used to answer the research questions. Section four provides the economic context and institutional characteristics. Section five then presents the research findings of the empirical study following the framework proposed in section two. Lastly, section six reports the main conclusions of the research.

Literature review

A critical review of the international HRM literature on pay practices and gender pay equity suggests the need for a multi-level and interdisciplinary analytical framework (Figure 1).

Country model and institutional characteristics

The first sphere of influence represents a macro-level constellation of institutions that are likely to influence pay strategies and practices pursued by managers (possibly in conjunction with trade unions) (e.g. Edwards et al., 2013; Hall & Soskice, 2001). Three institutional factors are especially relevant: wage-setting institutions, the welfare system and sex segregation.

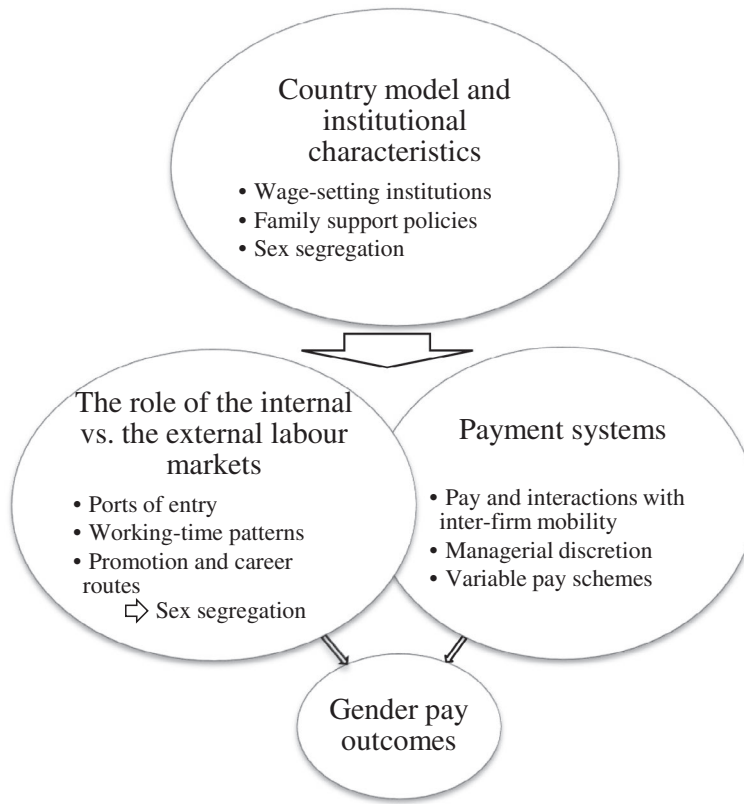


Figure 1. Key factors influencing gender pay differentials in banking. Source: Author's elaboration.

Wage-setting institutions that are more inclusive (higher union density, higher coverage of collective agreements) tend to deliver narrower gender pay differentials (Christofides, Polycarpou, & Vrachimis, 2013), as institutions tend to compress the wage distribution at the bottom, where women are more concentrated. The welfare system, reflected in family support policies is also likely to influence gendered patterns of employment and pay. Some studies argue that work-family oriented policies associated with employment protection, lengthy maternity leaves, flexible time and employer-supported childcare may harm women's attainment in pay and career progress either by reducing their work experience or inducing employer discrimination (Briscoe & Kellogg, 2011; Mandel & Semyonov, 2005). Relative to the regional context of Argentina and Chile, research conducted by the World Bank (Van Selm, 2004) in the Latin American and Caribbean region has identified the impact of maternity leave legislation, reporting that paid leave of more than three months has a negative effect on female earnings. Under this scenario, policies associated with maternity and childcare are particularly important for the decisions that women make with respect to their careers and labour market participation on the one hand, and the attitudes from employers with respect to recruitment, promotion and pay

on the other. In Latin America, childcare labour policies are women-oriented, as childcare responsibility is socially rooted as a role played mainly by women, in the same way that women are responsible for domestic arrangements (Rico & Marco, 2009). A third key macro-level institutional factor regularly associated with gender pay equity is sex segregation, which includes both horizontal and vertical segregation, leading to women's exclusion from highly paid jobs (Petersen & Saporta, 2004). The importance of incorporating sex segregation as an institutional factor is due to the reality that national pay practices are affected differently depending upon the sector and occupation. This in turn will produce an array of gendered effects in accordance with societal variation (Rubery, Grimshaw, & Figueiredo, 2005), and in particular, the value that each society assigns to gender-segregated jobs. In coordinated market economies such as Sweden, which generally provide a higher degree of family support policies for women, there is more sex segregation than in liberal market economies such as the UK and the United States. This leads to less female representation in the private sector and in managerial positions in coordinated market economies than in liberal market economies (Estevez-Abe, 2006; Mandel & Semyonov, 2006).

The role of the internal vs. the ELMs

A second sphere of influence displayed in Figure 1 concerns the relative strength or resilience of internal labour market (ILM) structures, characterised by the use of external recruitment methods, job ladders with limited ports of entry, firm-specific training, promotion and career paths along with working-time conventions. A focus on ILMs responds to empirical evidence that elements of strong ILM systems still prevail in banking organisations in a number of countries, including Australia (Royal, 2003), Denmark (Eriksson & Werwatz, 2004) and Portugal (Suleman, 2012). Bidwell and Mollick (2015) reveal the importance of ILMs, since upward mobility within organisations is still taking place at a significant rate. In Argentina and Chile, large organisations, as is the case of banks, have adopted HRM practices (ILM structures) similar to the ones found in developed countries or multinational companies (Figueiredo, 2005; Rodriguez & Gomez, 2009). The focus on ILMs also serves as convenient analytical shorthand for a bundle of core HRM practices that are significant for gender pay equity, recruitment, promotion, career development and working time. Moreover, previous research demonstrates that men and women face different challenges to enter – and prosper within – ILMs. Estevez-Abe (2006) suggests that women experience more difficulties at the point of entry and in earning a promotion if the required qualifications are dependent primarily upon skills attained on the job. However, if the country's system provides strong employment protection it is probable that employees will seek careers in ILMs, as the more stable conditions will likely enable them to project their careers inside specific organisations over the medium or long term. Women may seek shelter in ILMs if they face discrimination in the external labour

market¹ (ELM) (Kronberg, 2013) as a result, for example, of increased ascriptive² bias against women (Castilla, 2008).

Working-time patterns are not conventionally included in traditional accounts of ILMs, but they have a significant impact on promotion and career routes and are therefore considered here. According to Hutchings, Lirio, and Metcalfe (2012), in keeping with the UN's statistics, women's time varies not only on a weekly basis where women are usually responsible for a greater share of household and caring work compared to men, but also over the life-cycle as women interrupt their careers for childrearing (Schober, 2013). According to Rico and Marco (2009), this situation is seen in both Argentina and Chile. As a result, men's elevated involvement in full-time work, their greater opportunity for overtime hours compared to women, as well as not needing to interrupt their careers over the working life cycle for childbearing and caring responsibilities combine to give them a competitive advantage. This allows them to make more progress in the labour market compared to women. The implications of working time for promotion and pay within ILMs are usually associated with commitment to the job or the organisation. Commitment is typically measured by the time that employees spend at the workplace (Powell, 2010). As women tend to work fewer hours compared to men due to their contrasting caring and domestic circumstances, women appear to be less committed than men are (Dubin, 2011). This measure of commitment is used in turn as an indicator for promotion and retention purposes, especially among professional groups (Sommerlad et al., 2010). This may have an impact for women in banking, given the culture of long hours in Argentinian and Chilean organisations (Perez Arrau, 2008; Rico & Marco, 2009). As a result, management practices often reflect shifting institutional conditions and societal norms in framing women's choices and promotion opportunities within organisations, perpetuating or reinforcing the negative effects for women of sex segregation in professional occupations.

Payment systems

The third sphere of influencing factors in Figure 1 concerns the types of formalised pay practices. An organisation's pay structure is a strategic and highly important element for the motivation, attraction and retention of employees (Rynes, Gerhart, & Minette, 2004; Wayne & Casper, 2012). In Argentinian and Chilean banks, rewards and performance systems have developed from traditional management practices that used to reward seniority to HRM systems where merit is a key driver influencing rewards and careers (Rico & Marco, 2009). There are several factors that influence the pay structure of an organisation. Collective bargaining, for instance, may favour unskilled workers, compressing the pay distribution and in so doing, reducing the relative return on human capital investment. Other elements are internal equity and market competitiveness. Wage-setting may now be more open to market forces than in the past (Osterman & Burton, 2005). However, the

degree of openness to market rates may be highly influenced by forces exogenous to the organisation such as the centralisation of the national wage-setting system, manifested by inclusive or exclusive industrial relations systems.

There is increasing focus on motivating or controlling staff performance through pay systems especially with the application of variable pay schemes (Arrowsmith, Nicholaisen, Bechter, & Nonell, 2010), although the application of pay schemes may not be as gender neutral as intended (Lips, 2013). For instance, different criteria may be applied for good performance or amount of effort due to assumptions about women's commitment to work, such as that women will not be willing to accept unlimited overtime (Benson, Yuasa, & Debroux, 2007). An unintended outcome of performance pay systems is the use of this instrument for purposes other than rewarding performance. If pay is what drives a valuable employee to remain in an organisation, the discretion that managers possess in allocating performance rewards may be used for retention purposes rather than performance. It has been found that there is a positive relationship between performance-based rewards and employee retention (Kehoe & Wright, 2013). Thus, if men's career prospects are more highly influenced by the ELM than performance, equal performance between genders may lead to higher rewards for men.

Several researchers suggest that those gender biases generated by excessive management discretion and the variability of performance criteria can be reduced by having a higher degree of formalisation and centralisation of the pay system (Elvira & Graham, 2002; Stainback, Tomaskovic-Devey, & Skaggs, 2010). For example, pay may be impacted by the application of informal HRM practices affecting decisions in performance evaluation and promotion (Dubin, 2011). In a study of women's trajectories in Chilean finance organisations, Mauro (2004) reported that the allocation of men and women to positions oftentimes follows subjective rather than technical criteria to align the profile with the job requirements. It has been suggested that the formalisation of processes that enhance transparency can contribute to highlighting differences in HRM outcomes such as rewards or development opportunities and consequently can be amended more easily (Castilla, 2008). Taking these findings further and linking them to the relative degree of coordination of a country's wage-setting institutions, it is plausible that a country that has strong unions and operates in a centralised manner is more likely to witness relatively formalised pay systems and reduced management prerogatives (Hirsch, 2012). Therefore, it is possible to expect a weaker gender bias and, consequently, an influence towards reducing discrimination and thus the gender pay gap.

In addition to formalised payment systems, wages both internal and external to the organisation are highly influenced by processes of worker mobility across organisations. Men or women may be limited to different labour market options according to ILM or ELM opportunities. These options not only provide career alternatives, but also imply wage opportunities influenced by the interaction of internal and external factors such as employee bargaining position (power)

(Bartolucci, 2013), the strength of expectations of pay and career chances (Zafar, 2013) and the impact of discriminatory managerial decisions and practices. Inter-firm mobility reflected in turnover data is a matter of concern for employers as they may lose their human capital investment. Nevertheless, mobility patterns differ for young men and women as job stability has deteriorated for men while labour attachment has increased for women (Fuller, 2008). In Argentina, labour transitions in the financial sector between 2003 and 2010 showed that women have greater tenure than men do in their organisations (Alvarez & Fernandez, 2012), while a Chilean study of 22 financial services organisations from the year 2010 (Gestión-RRHH, 2011) revealed equal tenure for men and women professionals. Inter-firm mobility research on highly skilled workers from US and Hong Kong Chinese corporations reported gender pay differentials favouring men who had pursued an ELM career approach (Lam & Dreher, 2004). Similarly, mobility studies in the US have reported that wage premiums for changing employers were positive only for men (Light, 2005). In particular, Fuller (2008) suggested that women in the United States who are married or have children encounter reduced pay premiums when following an ELM strategy. Cobb (2016) theorises that when organisations rely more on the ELM than ILM for setting salaries, income inequality at the societal level will be higher. External hires are usually paid more than workers promoted into similar jobs (Bidwell, 2011). Building on these findings and relative to the case study countries, gender pay differences may be more strongly influenced in the country system that offers more reasons to choose an ELM strategy by switching jobs in a context of economic stability with individualised pay bargaining arrangements. All of these factors in addition to more beneficial family support policies may reinforce employer discrimination and produce an advantageous bargaining position for both employers and men with respect to women's pay.

Consequently, national institutions, the interplay between the ILM and the ELM and organisational payment systems interact with each other to produce inequalities in pay. Therefore, the research objective of this particular study is to analyse these interactions, as well as to provide context-specific meaning and evidence of these issues in a cross-country comparison of the banking sectors of Argentina and Chile.

Methods

This research paper is part of a broader project seeking to explain the wage-setting system and gender pay differences in Argentina and Chile at the national, sector and organisational levels by using a multi-level method of analysis. It follows a cross-national comparison of the banking sector (meso level) in Argentina and Chile with a special focus on processes impacting employees with higher education qualifications, since this is where women in both countries have made significant inroads in recent years.

The research objective of analysing HRM practices that may influence gender pay differences at the meso level is summarised in Figure 1 and can be translated into the following research questions:

- (1) To what extent do the different industrial relations systems and institutional arrangements of Argentina and Chile influence gendered pay practices for graduates?
- (2) To what extent do the institutional arrangements, economic conditions and workplace characteristics reflected in mobility patterns and HRM practices create opportunities for or barriers to career advancement for men and women?

Of all possible industries for carrying out this study, banking was chosen for several reasons. Banking organisations employ a high share of university graduates, especially professional women (the target group) relative to other economic sectors. Banks have a strong tradition of unions, being the most unionised private sector activity within the service sector in both countries. It is a sector that has experienced significant changes in work organisation due to increasing competition and technological changes. Lastly, it is a sector that has developed sophisticated and talent-oriented advanced human resource practices to develop its workforce and to increase productivity. For these reasons, it is an interesting sector for studying the gender effects of pay practices.

The research adopted a qualitative sector-level approach to compare the pay practices of banking professionals in Argentina and Chile, influenced by their particular institutional characteristics. Almond and Gonzalez Menendez (2014) have defined the cross-national comparative case-study approach as appropriate for developing explanations that may be contextually biased. Additionally, it forces the researcher to have a standpoint on the conceptualisation and role of context, either from the outset or as a conclusion. The comparative method also enables researchers to explore similarities and differences across countries by pooling similar cases and comparing them as configurations. This is critical for understanding pay developments and identifying the multiple factors that might be leading to particular outcomes, but as a result of various forces. The focus on one sector enables a more profound study of processes and outcomes from employers exposed to similar institutional and labour market conditions in a country. The contrast and comparison between Argentina and Chile is valuable due to their different industrial relations institutions, the former being more inclusive whereas the latter is relatively exclusive (Ugarte, Grimshaw, & Rubery, 2015).

The method used to collect qualitative data was through semi-structured interviews. The mode of analysis links the data to national labour market information and compares the same sector between the two countries. The data collection was done in three stages between 2010 and 2012. First, ten banking professionals and informants from different institutions were interviewed in the first stage

in December 2010 in order to uncover and understand the principal pay and gender-related themes as well as the key HRM practices relevant to the research questions. This was followed up in August and September of 2011 for a total of 43 new interviews in both countries. They were conducted with line and HR banking professionals, firm and national level trade union officials, labour market researchers and policy specialists, and government policy-makers (see Table A1 in Appendix 1 for a summary). Thus, the research followed a purposive (non-probability) sampling that covered HRM practices of nine Argentinian banks, which employ 55% of banking employees in Argentina, and nine Chilean banks, which employ 77% of banking employees in Chile. The themes of the interviews are displayed in appendix Table A2. Themes for banking professionals included career preferences, labour market conditions, maternity and childcare issues, occupational segregation and the organisation's pay system. For labour market informants, interview themes included collective bargaining agreements, coordination and coverage, gender inequalities and more. Finally, in the last quarter of 2012, five follow-up interviews were conducted for clarification purposes and understanding further developments.

Economic context and institutional characteristics of banking in Argentina and Chile

Before arriving at the research findings, this section presents an outline of the economic context, labour regulations and banking employment in Argentina and Chile, in addition to the country characteristics referenced in the first sphere of influence in Figure 1 – wage setting institutions, family support policies and sex segregation.

Argentina and Chile have experienced divergent economic developments in recent years. Prior to 2011, Argentina underwent a more volatile economic experience with rising inflation as compared to Chile. For instance, the GDP per capita dropped to almost a third in 2002 as a consequence of the 2001 financial crisis.³ However, from 2003 onward the Argentinian economy displayed a remarkable recovery, reaching a GDP per capita of USD 13,440 in 2011. Nevertheless, the inflation index showed a rising trend and reached 26 and 23% in 2010 and 2011 respectively, according to unofficial sources (CIFRA⁴). Meanwhile, the National Statistics Institute (INDEC) reported official inflation rates of 11 and 10% for 2010 and 2011. This widely criticised manipulation⁵ along with the inflationary volatility and the rising exchange rate caused uncertainty about the future of the economy (Katz & Bernat, 2011) and the labour market. With respect to Chile, the growth trend was stable in recent decades reaching a GDP per capita of USD 14,582 by 2011. The inflation rate declined steadily over time reaching 3.3% in 2011 as a consequence of low inflation targets and prudent monetary policies (De Gregorio, 2008). In terms of the labour market, Argentina has a more integrated framework of employment protection (Marshall, 2004), while Chile still retains

most of the labour regulations implemented during the military government in the 1970s (Ugarte et al., 2015), which reduced the strength of unions and provided more flexibility to employers in their employment relationship with workers.

One of the major differences between the two countries is found in their wage-setting systems. In Argentina, banks must conform to a strongly centralised system of collective bargaining coordinated by 'La Bancaria', an industry-wide union. Union density in 2011 (out of approximately 100,000 employees) was 40%, mainly clerical and blue-collar workers, while the coverage of agreements was around 94%.⁶ The difference between the high coverage and the lower union density is due to the inclusion in the collective contract of job categories that are not regularly unionised. Additionally, employers extend the terms settled on in the collective agreement to other job categories not included in the contract, keeping up with the trend of above average pay settlements collectively agreed upon at the sector level. This situation mirrors that of all leading companies in Argentina. Surveys show that around three in five companies had wages that overlapped between employees covered by the collective agreements and the next-level supervisors and managers who were not covered.⁷ Therefore, the extension mechanism to include higher ranked workers who had not been part of the collective contract increased the industry coverage to 94%. This served not only to remain competitive in the market, but also to stop wages from overlapping between employees at different hierarchical levels. In compensation terms, it helped to sustain internal pay equity by aligning pay with the value of the job. This macro institutional influence therefore exerts a strong constraint on merit-pay practices at the organisational level.

In Chile, a decentralised wage-setting system with weak unions facilitates greater management discretion to set pay rates. Union density in the financial and banking sector was nevertheless 30.4% in 2011,⁸ more than double the national rate. As in Argentina, primarily clerical and blue-collar employees have their pay jointly regulated.⁹ Coverage of collective agreements reaches 39.2% of the sector, which reflects a general absence of legal extension mechanisms and limited management interest in actively submitting to the agreements. Comparative research between the two countries highlights the significant influence of Argentina's more inclusive industrial relations system on more equal wage distribution and narrower gender pay differences relative to Chile (Ugarte et al., 2015). Additionally, women graduates in Chile enjoy a higher pay premium for education relative to Argentina, similar to other decentralised wage-setting countries (Mandel & Shalev, 2009).

In relation to family support policies, Chile has a more generous maternity leave system compared to Argentina in terms of compensation (paid leave), duration and employment protection (Acosta, Peticara, & Ramos, 2007). Statutory rights, such as paid leave with full wages lasts for 3 months in Argentina and 7.5 months in Chile. Both countries guarantee job security for pregnant women. Once the child is born, Argentinian legislation secures 7.5 months of employment protection for both parents, whereas Chilean legislation protects the mother (not the father)

for 18 months (Márquez, 1998; Marshall, 2004). Banks in Argentina and Chile, however, offer improved working conditions for mothers with young children relative to what the legislation stipulates with respect to childcare, working time and maternity leave.¹⁰ This may induce gender bias in HRM processes, especially in the case of Chile.

With regard to sex segregation, we may expect that the more coordinated Argentinean wage-setting system would report higher sex segregation than Chile, although the more generous family policies of Chile may counter-balance such an effect. Nevertheless, in 2011 sex segregation levels were higher in Argentina than in Chile with 87 and 68% of female employment for salaried employees respectively concentrated in only 10 occupations out of 103 and 116 respectively such as domestic services, cleaning, clerical work, teaching, sales, mid-level professionals and healthcare.¹¹ In both countries several researchers have reported the influence of sex segregation in the forms of vertical and occupational segregation over gender wage differences (Contreras, Puentes, & Rau, 2004; Cortés & Heller, 2010; Ñopo, 2006; Rojo & Tumini, 2008). In relation to the gender share of employment across industries, the banking sector has played an important role in incorporating female labour at higher rates than the average for the economy overall. As a result, the female share of employment in banking in 2011 is 44 and 50% in Argentina and Chile respectively, compared to 42 and 43% respectively for salaried workers in other economic sectors.¹² All of these labour regulations and institutional characteristics are summarised in Table 1 with particular emphasis given to banking.

Research findings

The research findings will focus on the dynamics of the two lower spheres of Figure 1: the ILM vs. the ELM and the pay system. However, the institutional characteristics of Argentina and Chile presented in the previous section are nevertheless important for understanding the differences and similarities between the two countries in terms of HRM and pay processes.

The influence of strong vs. weak ILMs

This section explores the extent to which banking employees follow careers in ILMs or instead pursue opportunities in the ELM that undermine the strength of the ILM. These themes are outlined and compared between countries in Table 2, which helps to understand issues of pay inequality and/or premiums for men and women.

In comparison with how other banking organisations worldwide organise their HRM strategies internally, banks in Argentina and Chile still retain strong characteristics of ILMs, especially for graduate workers, although less so in the case of Chile. Banking in both Argentina and Chile is considered a high-paying

Table 1. Labour market regulations and institutional characteristics year 2011 – strength of effects across Argentina and Chile.

	Argentina	Chile
Wage-setting institutions		
Union structure	Legislation prioritising sector-wide arrangements	Highly fragmented union structure
Union strength (density)	Medium level of unionisation at the national level (32%)	Low level of unionisation at the national level (12%), mainly in large organisations
Degree of centralisation and coverage of collective bargaining	Centralised. High coverage of union pay agreements with graduates because of legal extension mechanisms	Decentralised. No coverage of union pay agreements with graduates given the absence of legal extension mechanisms
Legal framework and cost of dismissals	Stronger. Termination notice of 2 months if seniority is greater than five years. Severance equal to one monthly salary for each year of service. Any worker entitled to severance from day 1	Less favourable than Argentina. Termination notice of 1 month. Severance equal to one monthly salary for each year of service up to a ceiling of 11 monthly salaries. Minimum 1 year of service for severance
Family support policies	Employment protection and childcare benefits for working mothers	More generous employment protection for women than Argentina (paid leave, longer stability of employment). Similar childcare benefits as Argentina
Sex segregation	Low female share in areas that offer better pay conditions (e.g. corporate banking and senior management)	Low female share in better-paid occupations, vertically and horizontally
Wage distribution ^a	Narrower. Women's wage distribution is more compressed than in Chile because of centralisation and high coverage of wage bargaining	Wider. High pay for banking graduates compared to other sectors and to Argentina. Women graduates have higher wage premiums in Chile than in Argentina
Overall female share ^a in 2011	44%	50%

^aFemale share is the ratio of women working in banking divided by all banking employees.

Source: Author's elaboration.

sector for both graduates and non-graduates. It is also perceived of as offering a more attractive total rewards package due to a more competitive variable pay scheme and more substantive contractual benefits relative to other industries. These factors in part explain why banking employees expect to develop careers within their own establishments and reinforce the principle that banks still possess ILM characteristics to secure their talent base. ILMs nevertheless appear weaker in Chile than Argentina as a result of contrasting ELM pressures that promote inter-firm mobility of Chilean graduates. Indeed, staff turnover in banking is almost three times higher in Chile (21.3% in 2010) than in Argentina, which generates higher rates of job openings and mobility. Additionally, ports of entry are not limited to the first rung of job ladders. Banking organisations in Chile are also more reactive to market pricing effects, which puts pressure on the internal equity of pay rates for the grading structure. This is because market-competitive pay offers made to attract or retain particular staff may push their pay outside of the pay-grade range or increase their pay in a way that may be unfair to people performing jobs at the same pay-grade.

Table 2. The role of the ILM vs. the ELM and gender – strength of effects across Argentina and Chile.

	Argentina	Chile
Ports of entry	Increasing supply and demand of graduates. Labour mobility is more limited than in Chile and most frequent in the more junior occupations Similar entry levels of men and women into junior positions	Higher share of graduates in banking compared to Argentina and to other economic sectors in Chile Ports of entry not limited to junior occupations, as there is more external mobility (voluntary quits and dismissals) compared to Argentina. Similar levels of entry rates of men and women in junior positions
Promotion/career routes	Attractive career options and training provisions ILMs provide shelter and security against uncertain external market conditions Fewer opportunities for women than men in middle and top management	Attractive career options and training provision. More inter-firm labour mobility marks the weaker ILM compared to Argentina. Turnover rate (voluntary and due to dismissals) is significantly higher than in Argentina Fewer opportunities for women than men in middle and top management
Grading structure	Internal pay equity achieved by job evaluation system. Grading structure aligned with the pay structure	Hierarchical grading structure similar to Argentina, although the pay structure information is not usually given to employees
Working time	A culture of long hours in more senior roles and time-demanding divisions limit women's opportunities	Similar working-time patterns and stereotypes as Argentina

Source: Author's elaboration.

Promotion and career routes

Promotion opportunities and lateral mobility within banking organisations are highly influenced by staff turnover, the working time requirements of positions or divisions, and the attractiveness of departments that offer competitive rewards packages. As a result of the low turnover rate in Argentina and the long job tenure, intra-organisational mobility in Argentinian banks has become a challenge according to the HR professionals interviewed. The intra-organisational mobility of Chilean banks is different. The higher number of vacancies produced in ILMs in Chile are due to significantly higher turnover rates than in Argentina and result from voluntary resignations and dismissals. Compared to Argentina, the Chilean job market for occupations involving trade (e.g. retail, wholesale banking) seems to be stricter in demanding short-term results. Indeed, over half of the turnover rate of the sector in 2010 (21.3%) was due to dismissals (11%) (Gestión-RRHH, 2011). This attrition rate due to dismissals is even higher than the overall turnover rate in the Argentinian banking sector. The more flexible legal framework for firing staff in Chile along with less costly severance payments may be some of the factors influencing this difference between countries.

The entire sample of banking organisations selected for this study have well-defined job ladders with associated pay structures that have been designed using job evaluation procedures. All banking organisations in Argentina and Chile use an intranet portal for internal recruitment, wherein HR or management personnel post job vacancies and employees can view the vacancies available in the 'internal

job market. Nevertheless, this recruitment method is mainly utilised for more junior jobs within the organisational hierarchy. In general, informants reported that despite the fact that there is a known and structured process to openly seek internal jobs, only between 10 and 50% of the internal vacancies were posted on their intranet. All other job opportunities are directly appointed by management, including all senior and management positions. The main issue with this selection procedure common to Argentinian and Chilean banks is that the criteria and reasoning for promotions are unknown to banking employees. Furthermore, there is a lack of open participation and invitation of talented people who may be eligible for taking on new roles in the organisation. As illustrated by one senior HR manager, who stated that although people may consider the secrecy and lack of transparency in promotion and internal selection processes to be normal, this issue still represented a key challenge for improving employee satisfaction.

One of the lowest scores on our employee satisfaction survey reported that people perceived that because decisions were made in secret, they couldn't predict what opportunities they would have or the paths they should take. Therefore, objectively, the people from the bank tend to think they lack development paths. [Abby, HR manager, Chile]

This lack of transparency may affect more women than men, given that the former are more exposed to gender stereotypes such as commitment levels. Although organisations in both countries may fail to apply promotion criteria using gender neutrality, i.e. avoid favouring the dominant gender in decision-making, this issue is likely to affect Chilean women more strongly than Argentinian women, as the current context of higher turnover in Chile creates more job openings, and thus, more promotion opportunities.

Working-time patterns

Working-time is an important element to consider in the allocation of labour in banking organisations. It is likely to have a gendered valuation such that men may be valued as more suitable to work in areas of the bank that have more demanding work hours due to their less demanding share of household responsibilities relative to women. As seen in Table 3, the gender allocation of labour is disproportionate in the areas where pay incentives (bonuses) are more attractive. In particular, in the wholesale and corporate banking divisions the female share is only 20 and 18% in Argentina and Chile respectively. When exploring the explanations behind this unequal gender allocation, working-time requirements appear as a recurrent theme in the informant interviews. An interviewee working in the wholesale division explained the 'normal' working hours at his division:

Our workday varies... normally, I start between 8:30 and 9:30 depending on the day and I finish between 7 and 8:30 pm... For the bank, this is late, as the regular working day here ends at 6 pm for 'average' jobs. But not for the people in the wholesale area... we have a more extended schedule. It's not because it's been defined that way... it's the workload. [Rick, Asset management supervisor, Argentina]

Table 3. Female share as an indicator of horizontal sex segregation across divisions and vertical segregation across hierarchies of Argentinian and Chilean banks.

Division/Hierarchical level	Female share	
	Argentina	Chile
Retail banking	52%	55%
Support functions	48%	38%
Wholesale/corporate banking	20%	18%
Middle and senior managers	16%	–
Senior managers	–	11%
Managers and middle managers	–	18%

Source: For Argentina, the female share data is based on information from HR sources of two large banks that employ 19% of all Argentinian banking employees. The two Argentinian institutions are two of the largest banks. The occupations listed are regularly filled by university graduates. For Chile, the female share data comes from the Superintendent of Banks and Financial Institutions report (SBIF, 2007) and corresponds to all banking employees.

Previous research reported that one of the characteristics of the Argentinian and Chilean banking organisations is the culture of long hours for more senior roles or in time-intensive divisions such as wholesale (Rico & Marco, 2009). In general, working long hours in banking is identified as a valuable sign of commitment and productivity in the same way as in other professional occupations (Benson et al., 2007). Nevertheless, when looking at specific areas and hierarchical levels of a bank, not all positions are expected to display the same degree of ‘commitment’ or require long hours. From the informants’ perspective there is a positive relationship between the job categories of a bank that require long hours and those that have higher pay and rewards packages. This would include professional supervisory and management positions as well as the majority of professionals working in the areas of capital markets, corporate and wholesale banking.

In general, the prevailing culture of extended hours adversely affects more women than men in a social context where women assume the leading role for caring and domestic responsibilities (Rico & Marco, 2009). Although most organisations have structured processes and rules for performance assessment, base pay increases and promotion, discretionary decisions made by management have the strength to twist or overlook bureaucratic procedures when considered appropriate, which in turn have more penalties for women than men given the gender stereotypes. There are several reasons for gender bias and stereotyping of women from the participants’ perspective, mainly related to working-time and employment continuity demanded by more senior roles or specific areas of the company.

On the one hand, some male and female informants suggested that operating under the assumption that working long hours is a requirement of more senior jobs, women with children or planning to have children exclude themselves from pursuing promotion opportunities to be able to cope with their dual role. On the other hand, the process of selecting candidates to more senior, attractive or challenging roles is through direct appointment by managers. These decision-makers, whose gender share is over 80% male in Argentina and Chile, develop their own

beliefs concerning women's limitations to perform the job effectively based on assumptions of working time restrictions and absenteeism risks.

In brief, the findings reveal two key issues in ILM staffing practices that encourage sex segregation and in turn disadvantage women's pay position relative to men. First, there is a lack of transparency of promotion criteria as result of direct appointments and gender stereotypes in working-time patterns and potential absenteeism. Second, the long-hours working-time patterns exclude women with family responsibilities from highly-paid, male-concentrated occupations and divisions.

Payment systems and gender

This section interrogates the effects of the Argentinian and Chilean banking pay system in terms of gender. Reward and performance systems in banking have changed from standardised and incremental schemes designed to retain staff and reward seniority to arrangements that seek to promote individual and team performance (Rico & Marco, 2009). Thus, banking has had to develop HRM initiatives capable of fitting and adapting to the type of organisational changes that the sector has undergone in recent decades. The study examines three key effects relevant to the comparative case study countries (Table 4): gender effects of pay and interactions with inter-firm mobility, gender implications of variable

Table 4. Payment systems, managerial discretion and gender – strength of effects across Argentina and Chile.

	Argentina	Chile
Pay and interactions with inter-firm mobility	Labour market risks (e.g. recession, high inflation) encourage men and women to seek shelter in ILMs. Wage-setting centralisation also limits individualised bargaining and inter-firm mobility	Reduced emphasis on ILMs and increased focus on market pricing encourage worker mobility, which lead employers to offer retention pay packages. Stereotyped views on women reduce their ILM and ELM bargaining power relative to men. Thus, women are less able or less willing to move
Variable pay schemes (Performance-related pay and bonus pay) and market rate	Performance-related pay not applicable due to high inflation levels. However, pay increments are equal for both men and women Bonus pay is the main incentive mechanism to reward performance and retain good talent, although there is sex segregation in areas and occupations with high bonuses. This effect is stronger in Argentina than in Chile	Performance-related pay budget is significantly cut due to retention pay offers Bonus payments favour men because of sex segregation – low female share of women in divisions and management occupations that offer high bonus payments
Managerial discretion and the degree of individualisation of the payment system	Centralisation and high coverage of collective bargaining limits individualised bargaining leading to more formalisation (reducing management discretion) and potentially less sex discrimination	Higher individualisation enables more discretion and more opportunistic bargaining, which may potentially exacerbate discrimination by gender

Source: Author's elaboration.

pay schemes and managerial discretion that affects pay. This last effect – the interaction between managerial discretion and the degree of individualisation of the payment system – is not covered independently, but rather discussed across the two initial effects.

Pay and interactions with inter-firm mobility patterns

The previous section underscored the extent to which Argentina and Chile have different degrees of internalisation of their labour markets. Indeed, the Argentinian labour market operates in a context of high inflation rates and market uncertainty. This factor, in addition to the strong and effective bargaining position of the union movement, has led banking professionals to seek shelter in their organisations resulting in stronger worker attachment to their firms. As a consequence, Argentinian employees are less reactive to ELM forces or incentives. This situation generates a cost-effective opportunity for employers, as they do not have to invest in as many recruitment and retention initiatives because of their advantageous bargaining position over individual workers who feel more secure in their current organisations.

The sample of Argentinian managers interviewed expressed the view that under current conditions they would have to receive offers of at least 50% more than their current pay in order to consider changing jobs on top of other terms and conditions of employment. The reason given was that any change of employer would lead to a loss of tenure and other associated employment risks.

For an [additional] 30% in pay you won't move me [from this bank]. Let's say, I'm going to entertain all offers, but to change jobs you have to offer me a 50–60% increase, when probably in the last decade you could have moved me for 30–35%. If there were a [financial] crisis now, given my good performance, many other people would have to leave before me ... it would really have to be a massive crisis to be considered for dismissal. So [in the event] I change to another bank, and there is a crisis, probably the first and the last that joined the bank will be laid off ... for redundancy cost matters. So, this is why [the current labour market] is so inflexible and unattractive. [Paco, Branch Mgr., Argentina]

For instance, in a scenario of crisis that would eventually lead to general lay-offs, a manager with no tenure in the new organisation would be the first one fired as a consequence of the low firing costs to the bank. Low turnover rates are also influenced by the higher real base pay increases achieved by the 'La Bancaria' banking union relative to other sectors of the economy, which discourages inter-industry mobility as a means to improve one's pay. For instance, one of the sampled multinational banks provided data showing that staff turnover in banking call centres was considerably lower than that for call centres operating in other industries: 14% compared to 35–40%.

Several Argentinian studies in the past have shown that inter-firm mobility patterns are expected to be more frequent among men than women. Panel data on labour transitions in the financial sector between 2003 and 2010 suggest that

women older than 25 years of age stay longer than men at their workplaces by seven percentage points (Alvarez & Fernandez, 2012, p. 28).

In contrast, Chilean graduates are more likely to interact with the ELM to seek better pay conditions. They do this either to improve their bargaining power within the ILM or in order to move to other banking organisations. From the opinions and personal experiences of banking graduates and managers, receipt of an external pay offer is the main driver for giving a worker a raise. In fact, one of the sampled banks reported that between 80 and 90% of the base pay increases awarded the previous year were agreed reactively in order to retain high performing and/or talented young graduates who were being poached by competitors.

My estimation is that 90% of the budget allocated for pay increases is used reactively to retain employees, and very little [of the budget] is left to protect those employees that you consider valuable to the organisation. Poaching is very common, especially with university graduates under 30 years old, who want immediate results ... they want to increase their salaries quickly ... [Mara, Senior Mgr., Chile]

The other 10–20% of the budget was being used to proactively increase base pay driven by merit and retention purposes of key and talented employees. Among the banks interviewed, real¹³ base pay increases in recent years¹⁴ for a 12-month period ranged from 5 to 15% of the professional group's salaries and were usually allocated to 25% of the staff. Additionally, the entire workforce's pay was adjusted on a yearly basis according to the previous year's inflation rate.

A sample of 22 organisations from the financial services sector conducted in 2010 depicted the same tenure for men and women graduates in Chile (Gestión-RRHH, 2011); two years tenure for workers younger than 30 years of age and five years tenure for workers between 30 and 44 years of age. However, our research in Chile revealed that female banking interviewees were more reluctant to change jobs compared to their male counterparts. Despite the fact that women participants have a higher attachment to their firms than men do, the potential career interruptions associated with childbirth or limitations to work overtime due to caring responsibilities generally play against their prospects. This is a paradox, in the sense that despite the economic benefits that the higher employment stability of women brings for employers, the gender stereotypes of continuity of employment due to maternity usually downgrade women in the form of either pay penalties or more limited selection of women to better compensated positions.

In sum, linking these apparent less frequent intra-firm mobility patterns of women with the ELM strategy approach of young graduates to improve their pay, especially in Chile, women will potentially have fewer opportunities to increase their pay relative to men, given the women's preference of following an ILM strategy. However, this effect is not as strong in Argentina as it is in Chile presently. The low turnover rates in recent years in the Argentinian banking sector in combination with the bureaucratic and centralised wage bargaining have diminished the opportunities for gender pay discrimination relative to Chile.

Market rates and variable pay

Salaries in the Chilean private banking sector are not only more extensively managed by individual wage bargaining, but there is also more freedom to adjust the wages in the pay structure according to market rates compared to Argentina. Chilean banking compensation specialists benchmark pay in an employers group called the G8, which is an association that gathers together the eight largest Chilean banks. This group uses salary surveys to compare total compensation for each pay grade defined by Hay Points and accordingly defines different market reference measures to pay levels. Argentinian banks also benchmark their salaries through salary surveys with their selected sample group, although the collective wage-setting process in a high inflation context has greatly limited the ability of Argentinian banks to increase wages according to market rate benchmarks and/or individual performance. Indeed, merit base pay increases have been discontinued in recent years. The national secretary of the banking union 'La Bancaria' confirmed this information when we asked him to express his opinion of merit pay increases:

Well, that's precisely why we are always bargaining salary agreements above the inflation rate, so that the banks [managers] have decreased funds available and less room for discretion to award bonuses or incentives... [The bonuses and merit pay] are against the solidarity among workers... oftentimes they produce more problems than benefits. [Peter, senior union official, Argentina]

The drive from shareholders to increase the market share and the profitability of their corporations has been transferred to workers across divisions, in particular employees from the corporate, commercial and retail banking who are exposed to a great deal of pressure to achieve their targets. Both in Argentina and Chile, bonuses were based on a more structured and objective approach in sales and trade-related areas such as retail and wholesale banking, whereas in the other supporting areas of the bank, bonuses were more subject to management's appreciation of a given individual's performance. In Argentina, all employees are awarded bonuses although they differ on the number of monthly salaries they receive each year (see Table 5 for a summary). The job categories with the largest bonuses across the organisational hierarchy are departmental and divisional managers and above. Similarly, when comparing across different areas of the company, the capital market and investment banking professionals as well as the wholesale or corporate banking professionals are awarded the highest bonuses. It is important to note that the female share of these areas does not exceed 20%. Variable pay in retail banking are on average three additional monthly salaries per year. The gender share tends to be fairly equal between men and women in these areas. Additionally, given the collective bargaining conditions that restrict merit pay increments, a payment-by-results scheme is the main element in the total compensation structure that enables management to reward people according to their merits.

Table 5. Female share of graduates and non-graduates and bonus payments across divisions.

Division/hierarchical level	Female share		Bonus (# of monthly salaries per year)	
	Argentina	Chile	Argentina	Chile
Retail banking	52%	55%	3	3
Support functions	48%	38%	1–3	0.5–2
Wholesale/corporate banking	20%	–	4–8	4–6
Middle and senior managers	16%	–	4–8	–
Senior managers	–	11%	–	4–6
Managers and middle managers	–	18%	–	4–6

Notes: Bonus amounts expressed as a total of monthly salaries are based on performance being 100% 'on-target'.

The range depends on the hierarchy of the occupation within the division, measured in Hay Points or pay grade.

Source: For Argentina, the female share data is based on information from HR sources of two banks and corresponds to occupations that are regularly filled by university graduates. The bonus information comes from these same HR sources as well as participants.

For Chile, the female share data comes from the Superintendency of Banks and Financial Institutions (SBIF, 2007) report and corresponds to all banking employees. The bonus data is calculated from HR sources of two different banks and a market salary survey in addition to participant information.

In Chile, variable pay rewards in the banking sector are similar to Argentina, mainly for the more senior job categories, and also for capital market, corporate banking and retail banking professionals. Another similarity is the low concentration of women graduates in areas and occupations of the bank where the variable pay premiums are more substantial. Just as in Argentina, payment-by-results schemes are important retention and attraction compensation elements for areas and occupations that pay considerable reward packages. It is notable that in most categories the bonus payments are higher in Argentina than in Chile. In contrast to Argentina, the findings suggest that in Chile there is more management discretion in selecting staff to receive rewards in areas that are lower in the hierarchy as well as in a company's support units. Additionally, one of the downsides of variable pay schemes in the case of Chile are the negative consequences for employment continuity of not achieving the expected performance as described above.

In summary, both countries present a strong performance drive linked to variable pay. The compensation scheme in banking has more competitive variable pay and benefits relative to other industries, although risk is not simply present in the pay system, but also in the potential of losing one's employment in the event of underachieving results. This holds true especially in Chilean organisations. The low share of women in jobs that offer high variable pay premiums contributes to widening pay differences between men and women. Young Chilean graduates follow an ELM approach more frequently than Argentinians to obtain base pay increases. This has gender implications as it reinforces management discretion through individual pay bargaining, which in turn affects more women than men as women tend to be more stable in their positions.

Conclusions

The proposed framework integrates three relevant spheres of influence and fields of literature that impact gender differences in pay between Argentina and Chile.

It is a dynamic and systemic model that interrogates the interactions between national labour market institutions and the internal and ELM characteristics of the banking sector. The top sphere of influence shown in Figure 1 refers to the role of country systems (e.g. Hall & Soskice, 2001), especially the influence of wage-setting institutions, the impact of family support policies on the gender pay gap and gender discrimination from employers (e.g. Estevez-Abe, 2006; Mandel & Semyonov, 2005).

The bottom left sphere of influence refers to the degree of internalisation of the labour market in banking organisations. Building on HRM studies and labour market segmentation theory, the important role played by employers in shaping inequalities in the labour market is explored. Osterman and Burton (2005) as well as Grimshaw and Rubery (1998) integrated the influences of the ELM into an analysis of ILM systems. This approach considers the different types of career progression that men and women pursue. These are influenced by the opportunities available through promotion or the ELM in addition to limitations resulting from working-time requirements.

This empirical research contributes to the labour market segmentation debates by integrating the effects of job mobility patterns and economic conditions on pay progression in ILMs. The empirical analysis indicates that despite the similarities of the banking organisations of Argentina and Chile, graduates in Argentina seek shelter in their organisations and follow an ILM approach as a consequence of the unstable market conditions (high inflation and risk of economic crisis), which results in limited inter-firm mobility for graduates of both genders. This limited mobility effect is reinforced by the institutional characteristics of wage-setting institutions, in particular, the improved wage increases and wage floors bargained by this sector's union relative to other Argentinian industries and to the national minimum wage increases. Therefore, this gender-neutral distributional pay effect tends to balance gender differences in graduate pay. Meanwhile Chilean graduates are more reactive to ELM opportunities to improve their salaries. These mobility patterns may benefit more men than women according to our interviews, as women's greater attachment to their organisations and weaker bargaining position as a result of gender stereotyping from employers. Compared to Argentina, sectoral and institutional characteristics in Chile also generate an important effect on mobility, but in a different manner. Chilean participants expressed their concerns that employer prejudice against women graduates during the recruitment and HRM promotion processes is possibly influenced by the more beneficial maternity and childcare policies of the Chilean welfare system relative to Argentina.

The third sphere of influence examined the interactions of payment systems and gender, focusing especially on the pay effects for men and women as a result of retention and merit pay as well as the extent of management discretion in pay decisions. Earlier research on gender studies argues that gender biases caused by improperly executed management discretion can be limited by a higher degree of formalisation and centralisation of the organisation's payment system (e.g. Elvira &

Graham, 2002; Stainback et al., 2010) and transparency (Sommerlad et al., 2010). This research contributes to the ongoing debate in these fields around HRM by incorporating the extent to which either a more inclusive or an individual-based wage-setting system is more likely to provide formalisation, centralisation and/or transparency, which in turn leads to different degrees of gender bias. Thus, the substantial pay increases bargained by the central banking union ('La Bancaria') in Argentina limited the accountability of managers to link base pay increases with a merit-based pay system or apply discretionally-driven retention pay tactics. Although this effect limits the options for organisations that wish to differentiate individuals' base-pay rewards with their contribution to the organisation, the centralisation and formalisation of pay increases bargained by the Argentinian banking sector union may influence gender neutrality in pay outcomes. Meanwhile in the Chilean Banking sector, pay increases continue to be influenced by management discretion. Specifically, the majority of actions where managers grant pay increases are the result of retention initiatives to avoid poaching. According to our interviews, this may benefit more men than women graduates. A similar pattern found in banks of both countries shows that women's opportunities to enter better-paid or more highly-placed jobs in the organisational hierarchy are limited by the lack of formalisation in promotion processes at this level and by potentially biased promotion criteria. We believe that banks have failed to apply the same degree of systematisation and transparency of promotion processes in the more lucrative and managerial jobs as they usually do in the internal recruitment of more junior posts where organisations have been able to reach a more equal gender share. This seems to affect more women than men given the existing sex segregation rates in managerial jobs and well-paid occupations where women's concentration is below 20% in both Argentina and Chile.

Finally, we reinforce the importance and utility of looking at HRM and pay processes following the 'open system' framework (Bidwell, Briscoe, Fernandez-Mateo, & Sterling, 2013) that this research has pursued in its analysis. This is founded on the complexity of the employment system, the greater interaction between the ILM and ELM and the influence of country or industry-wide institutions such as trade unions, family-support policies and social norms. We also suggest that further research should explore in greater detail the key drivers of men and women graduates to follow internal or ELM career approaches and how these differ among the various age cohorts. These different labour market pressures and opportunities of graduates to follow an ELM approach in combination with flexible and sometimes informal HRM practices by employers may be distorting the original purpose of HRM processes. This was evident in this research in the high limitations placed on carrying out the annual merit base pay processes in Argentina and Chile as originally intended. From an institutional perspective, policy-makers should measure the organisational effects of family-friendly policies for women, as is the case in Chile, since these policies may promote female participation in the labour market, but may also have

counter effects on women's occupational segregation or career progress. Lastly, we suggest studying the type of conditions and controls that less formalised management systems (based on discretionary decision-making) should possess in order to promote gender equity in pay and labour allocation (internal recruitment). This is imperative given organisational trends in recent decades, which defer to line managers the historical centralising role of the HR department in human resource management decisions such as recruitment, pay, performance management, promotion and more.

Notes

1. The ELM represents either the external supply of workers, employees' career prospects outside of the ILM, or a set of external market conditions that influence the ILMs such as social security legislation, unemployment, high inflation and industrial relations regulations.
2. Ascriptive bias refers to discrimination based on personal characteristics such as gender, race, or country of origin (Castilla, 2008).
3. GDP data from <http://data.worldbank.org>.
4. Given the invalidity of the official consumer price index, this paper uses an alternative CPI called 'nine provinces' (CPI-9) elaborated by the research centre CIFRA.
5. Among other sources, The Economist, 'The price of cooking the books', 25 February 2012, <http://www.economist.com/node/21548229>. Another source is the IMF, <http://www.imf.org/external/np/sec/pr/2015/pr15252.htm>.
6. Source: Interview with General Secretary of 'La Bancaria', the industry-wide union.
7. Two surveys covered 100 leading Argentinian companies in 2012 (one done by the consultancy Mercer and the other by PWC).
8. Chilean Labour Directorate and National Statistics Institute data from 2011.
9. The exception is the only public bank operating in Chile called 'Banco Estado', where most of the non-managerial white-collar workers are unionised.
10. Information gathered from interviews with banking professionals and informants.
11. Author's calculations from household surveys of Argentina (INDEC -2011) and Chile (Ministerio de Desarrollo Social -2011), using ISCO-88 classification (3 digits).
12. Author's calculations from household surveys of Argentina (INDEC -2011) and Chile (Ministerio de Desarrollo Social -2011).
13. Pay raises driven by inflation are applied yearly and extend to the whole workforce. The values mentioned in the article refer to income, net of inflation.
14. With the exception of the year 2009, when raises were highly restricted due to strong budget limitations.

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Appendix 1.

Table A1. Summary of semi-structured interviews.

Type of participant	Argentina	Chile
Labour market researchers and specialists	8	2
Trade union officials	6	2
Government policy-makers	3	3
Banking graduates and managers (Line and HR)	17	12
Total number of interviews for both countries	53	

Notes: Given that the author had more knowledge of the Chilean labour market as a result of nine years of working experience in HRM and business roles in Chile, the decision was to deliberately conduct more interviews in Argentina in order to utilise the knowledge of organisational and labour market dynamics from both countries. Details on the characteristics of the interviewees are available on request.

Table A2. The following codes were used to analyse the semi-structured interviews with banking professionals and labour market informants.

Interview codes for banking professionals	Interview codes for labour market informants
<ul style="list-style-type: none"> • Career preferences <ul style="list-style-type: none"> ○ HR practices in internal recruitment and selection and the promotion process ○ Job mobility ○ What is valued – selection and promotion • Labour market activity • Maternity, childcare <ul style="list-style-type: none"> ○ Maternity benefits (leave, childcare) ○ Working time constraints • Occ. Segregation <ul style="list-style-type: none"> ○ Horizontal segregation ○ Job stereotyping ○ Recruitment and selection process of senior jobs ○ Vertical segregation • Pay <ul style="list-style-type: none"> ○ Existence of grading pay system ○ PBP system ○ Salary increase ○ Unionisation (rate, coverage) 	<ul style="list-style-type: none"> • Changes in wage-setting • Union strength • Collective bargaining coverage • Efforts of collective bargaining coordination • Collective bargaining fragmentation • Individual bargaining • Minimum wage influence • Gender inequalities • Gender occupational segregation • Family support policies for working mothers • Wage premiums/penalties for men/women, low or high-skilled