directly observing organizational variation associated with their external environmental fields. These quantitative, qualitative, and hybrid research designs all share a strategy of collecting comparable, relationally anchored data on inequality processes, mechanisms, and outcomes within interactional and organizational contexts. This observational strategy has revealed substantial heterogeneity in the social world that had hitherto been invisible, while at the same time clarifying what are the generic and what are the contextual processes generating inequality. Comparative organizational research designs have also opened up our observations of the empirical world to a much richer, and empirically realistic, theoretical agenda. These are the designs we seek to highlight throughout this book and hope to inspire researchers to develop in future analyses of organizational inequalities.

3

Relational Inequality Theory

in explanation of the attitude of superiority assumed, it should be shown that intimacy leads to a love of our own customs, and unfamiliarity . . . to dislike and contempt for others' customs.

W. E. B. Du Bois 1911:157

Since at any time the given structure of relations is all that exists . . . in the first instance, social structure is itself the memory of the social process.

Andrew Abbott 2001:259

In answering the central question of this book—where do inequalities come from?—, we build upon the relational inequality model first proposed by Charles Tilly in *Durable Inequality* (1999). This model has been elaborated upon by a network of scholars developing a linked set of ideas around the relational production of workplace inequality (e.g., Avent-Holt and Tomaskovic-Devey 2014; Roscigno and Wilson 2014; Wilson and Roscigno, 2014; Vallas and Cummins 2014; Tomaskovic-Devey 2014). At the heart of our theoretical model is a focus on the role of social relationships between people and positions within and between organizations as the proximate causes of inequalities in access to respect, resources, and rewards. We see these organizational processes as structured by the cognitive and cultural distinctions human beings routinely make between hierarchically ranked categories of people. The status and moral hierarchies produced by categorization strengthen the claims of some and weaken those of others, permit practices of social exclusion and exploitation between categories of people, and steer access to organizationally produced resources. At the same time these "structures of relationships" are dynamically interpreted and reconfigured by the tides of history and the people who inhabit and construct them.

In this chapter we lay out the conceptual building blocks of relational inequality theory (RIT). Later chapters will explore the fundamental concepts in more depth and with extended empirical examples.

BUILDING BLOCKS OF RELATIONAL INEQUALITY

We organize our theoretical architecture around two basic concepts: categorization and organizations. Our premises are 1) that human beings divide a complex world into smaller, more manageable categories to navigate social life and 2) that it is primarily in and around organizations that social categories are created and recreated in ways that generate inequalities in access to resources, rewards, and respect.

Categorization

Among the most fundamental human attributes is our cognitive tendency to understand the world around us by packaging social objects into distinct categories. We distinguish cats from dogs and then group dogs into breeds, culturally inferring temperament from breed. We then encourage our elderly parents to find companionship from a Labrador retriever and tell our children to stay away from pit bulls.

This process of categorizing the world into good and bad, trustworthy and dangerous things has, as psychologists have argued, likely aided in the reproduction of our species. Distinguishing between edible and poisonous plants, predators and prey, people of the tribe and strangers moves us into matters of life and death. Yet when layered with cultural content, categories such as race, gender, ethnicity, and social class routinely produce taunting, harassment, scapegoating, segregation, hate crimes, war, and genocide. Categorization of human beings produces attributions of moral worthiness and facilitates or forbids inequality generating processes of exploitation and closure. Psychologists once assumed that human beings made judgments based on perceptions of absolute values (e.g., musical tone or reservation wage) of continuous stimuli. Most economic models of *Homo economicus* assume that human beings can make fine distinctions in calculating the value of effort and goods. Recent research in psychology and behavioral economics has shown this is not the case. Rather, human beings are quite bad at making absolute distinctions along continua but quite good at making relative and categorical judgments (e.g., Stewart, Brown, and Chater 2005).

We think of categorization as the fundamental human building block of relational inequalities. By embedding this psychological process into sociological terrain we can map onto evolved human traits the socially constructed outcome of social inequality. Claims-making, exploitation, and social closure are inequality generating processes that all rest on the cognitive and moral foundations derived from categorization.

Categorization is an inherently relational process. It is relational in two senses. In the first sense it is relational because we define the social

object we are observing in relation to other relevant social objects. We observe a dog relative to other animals, but then we go on to define the meaning of the dog in relation to other dogs. While these meanings appear to us to be embedded in the object itself, they are typically invoked in relation to the cultural meanings of other objects. Thus, pit bulls are stereotyped as aggressive and unpredictable, unlike Labrador retrievers, which are characterized as gentle and loving. Within-breed variation in temperament is culturally erased. In the context of human beings, "we"—our tribe—become defined as moral in relation to the immoral, dangerous "others."

Categorization of humans by humans is ubiquitous in the modern world. Social distinctions form the backbone of all workplace divisions of labor. Job titles—secretary, plant manager, truck driver, accountant—are all categorical distinctions. Attached to these categories are identities, social expectations around tasks, training, skills, authority, pay rates, and relationships with other people and jobs in the workplace. The category of manager is created in relation to support staff in accounting and human resources, workers in production, and executives. While many jobs, like receiver and selector in a warehouse, are not well known outside specific divisions of labor, others have some social meaning across whole societies. In fact, the general esteem associated with familiar occupations, like engineer and cook, tends to be relatively stable, even across countries (Treiman 1977). This stability seems to reflect mostly the typical skill levels associated with these occupations (Le Grand and Tåhlin 2013), and skill expectations are one of the basic ways human beings tend to convert diffuse cultural categories into hierarchies.

Cecilia Ridgeway's work is fundamental in this regard, demonstrating that cultural beliefs about categorically distinct groups shape how others are perceived, evaluated, and esteemed in interaction. Multiple experiments demonstrate that beliefs about which status groups are competent in particular tasks, and therefore deserving of greater material rewards, emerge out of and diffuse through social interactions within task-group settings such as organizations (Ridgeway and Erickson 2000; Ridgeway et al. 1998; Ridgeway and Balkwell 2006; Ridgeway 1997). Cultural beliefs that whites, men, citizens, credentialed, etc. are more competent and deserving facilitate their capacity to claim a greater portion of the jointly produced organizational surplus relative to categorically distinct others, even those who perform as competently.

Often, we do not directly observe the characteristics of a social object in relation to another object but take our memory or cultural expectations of that object into future social interactions. Thus, categorization, when accompanied by past experience or cultural knowledge, tends to generate expectations, stereotypes, and cognitive biases.

Categorization is relational in a second sense as well, related not to the objects of observation but to the social relationships that define a given object in the first place. We come to understand and impose meanings onto social objects with and around others. Coffee shop conversations, family dinners, and television shows create and reinforce such perceptions. Sociologists have demonstrated that from a very young age we learn the basic categories of race and gender (Feagin and Van Ausdale 2001; Thorne 1993). By elementary school, children segregate into gender and often racial groups on the playground and in cafeterias. The fixation of US nightly news on the street crimes of young African American men reinforces perceptions learned at home and in school that young black men are to be feared, injecting a relational meaning connecting "young, black, and male" with "danger." Cognitively, black males come to assume the same cultural position as poisonous plants, dangerous predators, or enemy combatants. In contrast, crew-cut, white-faced, Ivy League college men may be perceived as safe, perhaps even admirable, even in the face of predatory behavior. In a horrific example, a white male athlete at Stanford University was convicted in 2016 of raping an unconscious woman, but the judge handed out an extraordinarily light six-month sentence, reasoning that going to jail would ruin his promising life (Stack 2016).

Professions work to culturally define and legally monopolize a skill set in order to produce both bargaining power and realms of authority in production. In one example, engineers interacted with one another, managers, and production workers in a successful claims-making process to define non-engineer skilled workers as incompetent (Vallas 2001, 2006). As well, male workers often define female workers as insufficiently loyal to the organization, as incompetent, or as sexual objects. These definitions take root within social contexts and come to define the relational architecture of negotiated social orders. At an interactional level we differentiate and then impose meanings laced with social valuations.

Categorization is the foundational component of relational inequality much as cells are the foundational component of living organisms. It is absolutely critical, however, to note that while the process of categorization is most likely hardwired into our brains, the categories we construct are not. These categories are variable across historical and cultural contexts, and part of the job of this book is to understand where, when, and why particular categories become salient and what cultural meanings they incorporate. Referring to citizenship, Evelyn Glenn (2011:2) summarizes our perspective on the origin of categories quite well: "citizenship is constructed through face-to-face interactions and through place-specific practices that occur within larger structural contexts." The interactional and temporal embeddedness of categorization is crucial to understand as well for any political project seeking to ameliorate the inequalities associated with the categories human beings construct.

It is also critical to understand that categorization itself is not inherently problematic. What is problematic is that once we categorize people, we transform those categories into hierarchies, producing inequalities in access to material and social resources. The simplest hierarchies refer to status within groups, such as skilled hunter or brilliant software engineer. These local categories are often used to create local inequalities linked to status hierarchies. But we also use categories to make more global distinctions of in-group and out-group. Categories of in-group when combined with cultural or material power—owner, engineer, man, white, citizen—are the basis of inclusion and exclusion. From the vantage point of in-groups, categorical out-groups are typically seen as less human, less morally deserving, and "not my responsibility." They therefore become targets of exploitation and exclusion.[1]

These hierarchies can quickly become quite complex as categories come to intersect with one another and take on new meanings. In interaction there are typically multiple categorical distinctions in play. In addition, the social meanings attached to categories vary across history and local context. This intersectional complexity creates historically embedded social matrices at the level of biography and interaction and the potential for rich and sometimes surprising local variation in the meaning and impact of categorical distinctions. In US society education, race, class, and gender are among the most prominently institutionalized categorical distinctions, although weight, sexuality, disability, age, language, and religion have in various contexts been and are salient as well. The cultural and political contents of all such distinctions are dynamic, changing with the cultural and political institutions of a given society or locality so that the meanings of categories and their intersections can be, and often are, redefined from one setting to another.

The meanings and cultural power associated with particular categorical intersections incorporate the influence of local interactional and institutional fields, producing complex inequalities (Ken 2008; McCall 2005). In everyday life the various categorical hierarchies intersect, producing, sometimes reinforcing, and sometimes cross-cutting intersections of inequalities. Subordinate races contain superordinate genders. Women become educated and manage men. White men from elite families go to university and

1. There is a rich literature in cultural sociology on the creation of symbolic boundaries and the work they do to legitimate and explain categorical inequalities. Michelle Lamont's (1992, 2009) work on race and class has been particularly important, as have her attempts to summarize this increasingly large literature (Lamont and Molnár 2002).

find themselves instructed by the grandchildren of slaves or hauled into court for raping an unconscious woman. This intersectional complexity only grows as categorical distinctions increasingly cross-cut one another, moving categorically derived hierarchies from bright to blurry.[2] We will return to this distinction in the book's conclusion and touch on it numerous times in this book.

In-group and out-group categorical distinctions are not fixed, even in interaction, but rather are socially produced and negotiated. The meanings of categories and their intersections can be redefined from one setting or time to another. In fact, one can think of some of the most admirable advances in human history as efforts to expand the categorical in-group. The evolution of social organization from tribe to clan to nation to confederations of nations is a sequential broadening of the boundaries of who has rights to be treated as fully human. The outlawing of discrimination based on gender, race, religion, or nationality is an assault on categorical inequalities. The spread of democratic institutions is an extension of governing power to an increasingly wide group of non-elite actors. The notion of human rights, rights that should be given to all human beings on the planet, is perhaps the apogee of a broad institutional movement to limit the power of categorical distinctions to generate inequalities.[3]

Organizations

While categorical distinctions provide the moral and interactional foundation for generating inequalities, these categories must become salient within concrete social contexts to have power. Our premise is that the most central interactional contexts in which contemporary inequalities emerge are organizations. By an *organization* we refer to social inventions which coordinate the efforts of human beings, through interactions with each other, to accomplish some set of tasks. Organizations create and sustain relationships between people, while simultaneously producing the resources we need to survive. In traditional societies the family, tribe, and clan were the most common forms of organization. Modern societies are defined by a plethora

2. These are Richard Alba's (2005) terms for describing strong (bright) categorical distinctions that are sometimes imposed on racial or immigrant groups and the more porous (blurry) boundaries that occur when dominant groups still recognize difference but more nearly equal relationships between groups emerge. Later we make a similar distinction between strongly institutionalized and weakly institutionalized categorical distinctions.

3. We hesitate to push this argument much further but feel compelled to point out that in some fictional worlds (e.g., the *Star Trek* movies and television shows) the aspirational in-group boundary has been expanded to include all sentient beings. Contemporary social movements to extend the notion of human rights to animals exist as well.

of non-familial organizations through which the complex work of society operates and within which individuals interact with one another (Perrow 2009). We are born and die in organizations, and we spend a great deal of our lives working alongside others in organizations. We go to one organization to be educated (schools) and another to get income (workplaces), which we then spend in another (stores) in order to bring food and clothing to a fourth (households). To understand the emergence of economic inequalities that are attached to categorical distinctions, we must focus on the organizational contexts in which these inequalities emerge.

We describe organizations in this book as inequality regimes built around divisions of labor, the matching of categorical distinctions to tasks, and the associated cultural and managerial practices that govern access to rewards, resources, and respect. This description owes a great deal to feminist organizational theorist Joan Acker, who first pointed out that organizations were inflected by status distinctions like gender not only in their divisions of labor but also in their more general cultural understanding of bodies and labor (1990). Acker went on to develop the idea of inequality regimes we have adopted here (2006).

More dynamically we see inequality regimes within organizations as a result of the relative power of organizational stakeholders (March 1962; Pfeffer 1983) and the power struggles over the structure, practices, and resources of the firm (Cyert and March 1963; Pfeffer and Salancik 1974). Although organizations have behavioral expectations and bureaucratic routines, these routines have to be performed, and in those performances actors both affirm and modify the local rules of the game (Feldman and Pentland 2003).

Organizations have been regularly conceptualized by sociologists and organizational theorists as constrained by the broader institutional environments in which they are embedded. In these accounts, organizations within a field become similar to one another through a variety of external pressures to conform to institutionalized expectations of how an organization should operate.[4] Some of these expectations are diffusely cultural, such as our understandings of race and gender.[5] Others are legally proscribed, such as the accounting practices associated with tax law. Still others are technologically produced, such as societal investments in road, electric, and communication networks. If the institutional environment

4. The best-known statement in organizational sociology of this conceptualization of institutions as external expectations comes from Paul DiMaggio and Woody Powell (1983). Good primers on institutional thinking can be found in Mary Brinton and Victor Nee's (1998) and Woody Powell and Paul DiMaggio's (1991) respective edited volumes.

5. John Meyer and Brian Rowan (1977) refer to these institutionalized categories as cognitive "classifications built into a society" (p. 341).

in which organizations are situated were hegemonic, the implication for inequalities would be that categorical distinctions are constituted outside of organizational contexts and the inequalities that develop around those distinctions play out similarly across similar organizations. If this were the case, there would be no need for an organizational conception of inequality and, therefore, no need for us to write this book. Instead, we would move to the organizational field level to explain inequality. However, we argue, and will demonstrate empirically, that organizational fields are not so monolithic and that the organizational context does matter precisely because this is the place in which people interact and negotiate respect and rewards.

Our conceptualization of organizations draws most closely from the inhabited institutionalism (Hallett 2003; Hallett and Ventresca 2006) and the organization-as-field (Emirbayer and Johnson 2008) approaches. In both intellectual traditions organizations are situated within an institutional environment, but organizations are emergent interactional contexts in their own right as well. Organizations develop internally workable practices and cultures, and these may become as important as external institutional environments in shaping the extent and type of inequality that emerges around categorical distinctions. In addition, we foreground the role of power and struggle within organizations (Vallas and Hill 2012). In this way we depart from neo-institutional organizational thinking, which tends to both ignore internal power struggles and emphasize the homogenizing normative power of organizational environments. We see the influence of organizational environments on organizational practices as both contingent upon and refracted through internal power dynamics. Actors pursue pragmatic responses to institutional constraints and in doing so model and shape how institutions matter.

Recognizing this relative autonomy of organizations forces us to reconceptualize the nature of the institutional environment itself. The environment becomes as much a resource for action within organizations as it is a constraint on action. Ideas, categories, and external forces can be used by actors within organizations for a variety of purposes without their external validity mattering. A useful way to think about an organizational environment is as a perception developed by actors within the organization about relevant external pressures, rather than a brute fact imposed on actors (Weick 1995). Perceptions then may or may not align among members within the organization or with actors in other organizations' perceptions of the same environment, but they will shape what goes on inside the organization.

A key implication of this line of reasoning is that categorical distinctions will emerge and operate differently inside of different organizational contexts. Sociologists have long noted fairly extensive gender occupational segregation. However, which occupations are male-dominated and which

female-dominated varies across establishments, with the exact same set of tasks switching from male-dominated to female-dominated even within the same organization (see, for example, Bielby and Baron 1986). In a qualitative examination of four maquiladora factories in Mexico, Leslie Salzinger (2003) found that gender, a universally recognized categorical distinction, is actually understood and produced in distinctive ways in each factory. Women are understood as docile, nimble workers in one plant and assertive decision-makers in another nearby factory. Categorical distinctions take on specific meanings inside of particular inequality regimes. Conceptualizing organizations in this way leads us to conclude that a variety of inequality regimes can emerge across different organizational contexts. The extent of inequality that is attached to particular categorical distinctions (and their intersections) will be a product of the local cultures and set of practices that emerge within organizations.

What should be clear in our conceptualization of organizations is that we emphasize local, structured social relations as generative of inequality. Although in our empirical work we focus on workplaces, we rely on a more general conception of social relations as structured in social fields as the theoretical conceptualization that makes organizations what they are. By *fields* we are referring to a set of concrete social relations among actors and positions in which those actors take each other as the reference point for their own actions. Social fields are crucial because they both channel action and provide cultural meaning to those actions. Pierre Bourdieu (1977) describes fields as structured spaces of positions with associated relational expectations for behaviors. Field theories in general stress the concrete social relations that tie actors to each other, providing the frame of reference necessary for action. In this way fields provide the cultural resources necessary to construct and make sense of courses of action, but they also provide the social space in which struggle and contestation over resources and status play out (Fligstein and McAdam 2011).

The notion of field is then, in our view, equally useful for talking about action within organizations as it is between them (e.g., Emirbayer and Johnson 2008). A specifically organizational approach to fields encourages us to think of each workplace as a negotiated interaction order, with a set of expected practices and cultural stories tied to positions within the social relations of that organization (Bechky 2011). These social relations can be the formal divisions of labor, jobs, departments, reports, and audits but also the personal ties between people that may correspond to or cut across the formal structure. Thus, organizations develop local systems of power, status, value, and meaning, which individuals learn and adopt as their taken-for-granted organizational habitus but also sometimes challenge in pursuit of dignity, roles, or income.

Organizations themselves are, however, always located in larger, often multiple, external fields, such as markets, communities, industries, or national legal contexts. Boundary-spanning roles, like CEOs and professional occupations, often import practices from these external fields. These higher-order fields provide meaning systems, legal and material resources and constraints, as well as the people who populate organizations. Field theory encourages us to think about social relationships within organizations as producing a local sensemaking reality tied to position in the field. Claims on respect, resources, and rewards will be governed by both those local social relations and the influence of external institutional fields. Social relations and cultural tools are only partly local. Much is imported, often selectively, from the external fields the organization and its members are embedded within.[6] When thinking about the "causes" of inequality, field theory encourages us to think broadly about cross-cutting and cross-level relationships and to assume that causes are complex, contingent, and pragmatic. This does not preclude examining any particular level—interaction, organization, markets, nations—but encourages us to think of them as interdependent and actions as inherently local.

One of the attractive aspects of field theory is that it dissolves the distinction between structure and agency so common in social theory.[7] Actions take on meanings in fields in relation to a space of possible courses of action. Fields generate goals, power relationships, modes of thought that make some actions possible and intelligible and others not. In a very real sense fields are *simultaneously* relationships, meaning systems, and power dynamics that define the context in which actors act. For example, in economic theory underpaid workers should demand a raise or move. In field theory, on the other hand, workers' pay is tied to their place in a set of relationships, some of which are vertical (co-workers) and some hierarchical (bosses). How would workers know if they were underpaid relative to their bosses? In this case, hierarchical differentiation obscures direct comparison.

6. In our account the key role of external fields is to condition the range of likely social relationships internal to organizations. It is the causal power of the field on action that matters. In this way we do not make strong theoretical distinctions between national and more proximate fields such as locality or market. We see the power of external fields upon action to be an empirical, not a theoretical, question. In this sense field theory is often explanatory rather than predictive.

7. Like William Sewell (1992), we see social structure as a dynamic, evolving outcome of intersectional processes of organized interactions. Unlike Sewell, we see the causally important structure to be the proximate set of more or less stable social relations in a particular field of action. Workplace divisions of labor as structures in our sense are mirrored in the set of recurrent relationships between firms in terms of ownership, sales, and purchases. We are leery of attempts to see structure as an attribute of nations or isms (e.g., capitalism, racism) because they tend toward falsely homogenizing and static accounts of social life.

Economic exploitation is difficult to see within a field. What about the pay of co-workers? Many organizations keep employees' pay secret and discourage employees from sharing wage information. In this case, the agents' habitus, which naturalizes their position, may by way of proscriptions as to allowable conversation hide information even among co-workers. Conversely, a CEO might decide to pursue some set of goals or practices, with little sense of the consequences for actors distant in the field, thus generating opposition or failure through ignorance of more distant positions in the field.

Conceptualizing organizations in this way leads us to our first theoretical proposition. This proposition highlights the substantial variation we expect to see across organizations in the inequality regimes that they produce and reinforce.

> Organizational Variation Proposition: There is substantial variation across workplaces, both over time and across fields, in the relationship between categorical distinctions and inequality.

If inequality regimes vary, one may be tempted to try to a priori systematize the forms these regimes take. Prior use of the regime idea has tended to do just this by truncating variation via a focus on national or historical typologies. Michael Burawoy (1983), for example, suggested that there was a limited number of factory regimes (despotic, hegemonic, and despotic-hegemonic), profoundly linked to their national institutional context. His core model, like ours, sees these regimes as the intersection of power and ideology in production, conditioned by their organizational fields. Unlike our approach, Burawoy's typologizing at the levels of both nation and production leads to a limited set of regime types, obscuring the real-world variation in inequality regimes. The same criticism can be mounted of the varieties of capitalism literature (Hall and Soskice 2001), which identifies a limited set of national "capitalisms" produced by prior political negotiation but assumes an empirically misleading static national homogeneity (Herrigel and Zeitlin 2010). We reject quick movements to typologies of inequality regimes because they will tend to obscure both real-world variation and the relative autonomy of local actors to generate local inequalities. On the other hand, the dynamic configuration of national institutions produces within organizational fields causal pressures that nurture some organizational forms and practices while limiting others (Amable 2003; Davis 2016).

GENERIC INEQUALITY-GENERATING PROCESSES

We have built up the fundamental premise for our relational model of inequality: inequality emerges out of the social construction of categorical distinctions among people and those people's interactions with each other inside organizations as fields of action. Organizational action fields are in turn influenced by both internal dynamics and external environmental fields. But how do these processes produce inequality within and between organizations? What are the processes through which we transform distinctions into inequalities? Tilly (1999) identified two core processes: exploitation and social closure/opportunity hoarding. We identify a third, more foundational, mechanism of relational claims-making that generates the social space for installing and shifting exploitation and closure. We start with the first two more familiar processes and then detail the more novel mechanism of claims-making.

Exploitation and Social Closure

In the original Marxian sense, *exploitation* is simply capitalists' appropriation of the value produced by workers. Capitalists exploit workers, and the concept hinges on the labor theory of value in which all economic value is assumed to be derived from the efforts of workers. Neo-Marxists have since reformulated the concept to avoid the labor theory of value, arguing that capitalists appropriate a portion of the labor efforts of workers even if all value is not derived from workers themselves (Wright 1997, 2000a). Charles Tilly (1999) recast exploitation as simply one group appropriating the labor efforts of another group. This extends Marx's basic insight beyond the capital–labor relationship to also include the possibility that men exploit women, whites exploit blacks, or citizens exploit non-citizens. We will broaden it one step beyond this. For us, exploitation occurs when one group uses its power to appropriate income (or some other scarce resource) from another either within organizations or between them. What is distinctive about our conceptualization is that the process of exploitation happens in and through organizations, either between actors within organizations (e.g., labor power) or between organizations themselves (e.g., market power). Exploitation, however, is not so broad as to become synonymous with inequality. It still entails the appropriation of another's value but simply extends the process to any categorical distinction and to operating both within and between organizations.

The question remains, however—what constitutes the appropriation of the value that belongs to someone else? Marx worked from the ontological and normative assumption that all value is derived from labor, so the mere existence of capitalist profit was evidence of exploitation. Neo-Marxists and some non-Marxists have since abandoned that assumption, instead identifying exploitation as individuals or groups receiving less than their marginal product and other groups receiving more than their marginal

product, often called an *economic rent* (Sakamoto and Liu 2006; Sørensen 1996, 2000). *Marginal product* refers to the value of someone's labor (or capital investment) in a perfectly competitive labor (product) market. But this too requires a normative assumption, in this case that individuals *should* receive the earnings that would be produced in a perfectly competitive market environment. Moreover, since productivity is produced in relational divisions of labor both within and between organizations, there is no such thing as the marginal product of an individual, a job, or even a firm. The use of an external "perfect competition" benchmark is fairly unclear in its implications, even while highlighting that power is the underlying mechanism producing exploitation (see Avent-Holt 2015).

We prefer a historical conception of exploitation in which a more powerful group gains income over time at the expense of a less powerful group. In this context, exploitation could happen because the wages attached to a job decline over time as women enter into the occupation (England, Allison, and Wu 2007), because capitalists deskill the labor process to reduce workers' wages (Braverman 1998), or because financial service firms become dominant across an entire economy (Tomaskovic-Devey and Lin 2011). When women's jobs and skills are devalued, capitalists or male workers in other occupations inside a workplace gain income as women lose. When work is deskilled and wages are reduced, capitalists gain income as workers lose. When the financial sector of the economy grows in political and market power, financial institutions become more effective at vacuuming income from their customers' bank accounts. This discussion leads to the following proposition:

> Exploitation Proposition: Inequality emerges when a more powerful group appropriates organizational resources from categorically distinct and less powerful others.

In Chapter 5 we develop our conceptualization of exploitation in considerably more depth and provide a roadmap to the observational strategies social scientists have developed. These include both exploitation in the labor process and exploitation in market relationships.

Our second generic inequality generating process is *social closure*, a process whereby actors limit access to organizational resources to categorically similar others. Closure mechanisms typically use categorical distinctions to prevent or impede categorically distinct others from accessing income, organizations, or positions within organizations and to funnel those resources to categorically similar others. When the categorical distinction is used to monopolize resources for people within an in-group, we can think of it as *opportunity hoarding*. When closure processes are used to exclude categorically defined out-groups, we can think of it as *exclusion*. This distinction reflects what we see as a historical shift away from out-group bias and toward in-group favoritism. With the rise of democracy and a politics of equality in the modern era, the impulse toward closing off access to resources through opportunity hoarding has become dominant. Social psychological research appears to bear this out, finding that in-group favoritism is the more dominant mechanism broadly speaking (DiTomaso, Post, and Parks-Yancy 2007).

The most commonly referenced resource is the job itself, and perhaps the most well-established literature on this is the segregation of men and women across jobs and occupations. Quantitative and case-based qualitative work has repeatedly demonstrated that men and women tend to work in different jobs and to even do different tasks when placed in the same job. Further, the closer one gets to the level of detailed jobs within organizations, the more segregation we see. Trond Petersen and Laurie Morgan (1995), looking at US workplaces around 1980, found almost complete segregation between men and women when looking at jobs within establishments and that gender wage gaps are almost completely explained by this segregation.

While the job is a fundamental resource within organizations, and one which has a clear relationship to income, other resources, such as agreeing to buy or sell from someone, access to training, access to social networks, or even fine-grained organizational status distinctions, can be monopolized as well. Tomaskovic-Devey and Sheryl Skaggs (2002) find that among a sample of establishments in North Carolina access to training time was a central mechanism producing the gender wage gaps associated with sex segregated jobs. Property law is a closure mechanism empowering only owners to direct or consume "private" property. This leads to the following proposition:

> Social Closure Proposition: Inequality emerges when a more powerful group uses categorical distinctions to monopolize positions and other valuable organizational resources.

In Chapter 6 these ideas are developed and brought to empirical life. In that chapter we further develop our conceptualization of social closure, addressing the central role of power within and between organizations. Importantly, we highlight that organizational resources are what are being monopolized and demonstrate this empirically.

One of the central distinctions between our work and much of the existing work on these two concepts is that we see these as operating both within and between organizations. Often, exploitation is conceptualized within organizational division of labor but is empirically assessed with data on individuals devoid of organizational context. The same is true of social closure, though there is more empirical work using organizational data (e.g., Reskin 1988; Reskin and Padavic 1988; Tomaskovic-Devey 1993). There is also a common conceptualization of social closure that definitively locates it as a process within markets (e.g., Sørensen 1996, 2000; Weeden 2002). On this we are decidedly in the organizational camp. The central claims we are making locate exploitation and social closure as fundamentally organizational phenomena.

Claims-Making

We still need to ask how it is that exploitation and closure work at the level of interaction. What is the process through which some groups within organizations are able to exploit other groups or monopolize resources for themselves? Given that we have identified social interactions within organizations as the context in which exploitation and social closure play out, we propose a simple process that is both relational and political, which we refer to as relational *claims-making*. Claims-making involves actors making discursive arguments as to why they are more deserving of some organizational resource than others. This mechanism is political in that it involves negotiation, struggle, and contestation over the legitimacy of a given claim. It is relational in that it involves multiple actors constructing and legitimating claims.

Claims are constructed out of the relational resources actors have at their disposal.[8] These resources include the local meanings of the categorical distinctions of skill, race, citizenship, class, and gender. Categorical distinctions enable groups to organize to both make claims and create the political will to struggle against other groups (Schwalbe et al. 2000). Collective struggles and routine interaction within and between organizations draw on these identities to legitimate claims that certain actors are more deserving of organizational resources than others. Over time, groups that are disadvantaged by the claims of other groups will tend to fight back, either directly challenging the claim or creating new arenas in which to exploit or monopolize resources (Murphy 1988; Sørenson 2000).

Numerous claims can and will be made by various actors within organizations. Despite the potential plethora of claims, not all of them—and perhaps relatively few—will be translated into exploitative resource extractions or the monopolizing of an organizational resource. The translation of a claim into effective exploitation or closure hinges on whether or not other actors,

8. Abstractly we refer to claims by *actors*. However, actors can be either individuals or groups. As individuals, actors can negotiate directly with supervisors over their pay, training time, promotions, and other organizational resources. In such cases, claims are made through individual interaction. As social groups, such as unions, professional associations, departments, and spontaneously organized networks of employees, actors collectively approach employers to negotiate and make claims.

especially powerful actors, find the claim persuasive. This is the critical relational component to the claims-making mechanism. Claims can be made by any actor yet will not generate new inequalities or challenge existing inequalities unless other actors within the organization ratify them. These other actors will often be relationally powerful, such as managers or experts, but can be a substantial contingent of organized co-workers. The question then becomes, who is aligned with whom in the organization around particular claims?

Obviously, those who belong to a categorically distinct group have an interest in promoting claims that enable their in-group to exploit and monopolize. However, unless this particular group has unilateral power—and we would, of course, need to ask how they first obtained unilateral power—they would need some form of consent from other organizational actors. But why would other actors in the organization ratify anyone else's claims? We argue that local organizational cultures produce a sense among actors as to what are appropriate and plausible claims. These cultures are generated by both internal and external understandings. In addition, as social animals human beings tend to take the needs of others into account, controlling impulses to make claims that harm others. The exception to this last tendency is when categorical boundaries are bright enough to render this impulse inoperative. Bright categorical distinctions encourage resource sharing and opportunity hoarding with the in-group and the exploitation and closure of out-groups.

Thus, it is the persuasiveness of a claim, the intensity of the categorical distinction, and the relative power of actors that are central to generating relational inequalities. The persuasiveness of a claim hinges on its resonance with the cultural-historical-institutional context in which the claim is situated, the power of resistance and insistence by actors, and the othering associated with categorical distinctions. Thus, the following proposition:

> Claims-Making Proposition: New inequalities are installed and old inequalities dismantled as a result of actors' categorical mobilization around claims made over organizational practices or resources.

It is in this proposition we come to see the centrality of power as a concept within RIT. Power is in many ways the backdrop behind the entire model, but its role cannot be ignored once claims-making is invoked. Categorical distinctions give some actors power over others, and power becomes a force that is both enacted and legitimated discursively within organizational fields.[9] Claims, as active attempts to redistribute resources,

9. Obviously, power can also be exercised as violence in addition to discursive claims-making. Strong armed robbery and colonial conquest are examples of violent exploitation. Genocide, ethnic cleansing, and the political suppression via arrest of social movements' claims on dignity and access are the violent faces of closure.

are also instances of negotiated power. Organizations are spaces of power struggles, and exploitation and social closure are the fruits of successful power plays.

This discussion suggests a relatively overt political process in which actors are actively constructing claims. Undoubtedly, such overt action routinely occurs, yet much exploitation and closure are institutionalized and taken for granted and often do not involve or invoke active claims-making. Nevertheless, institutionalized exploitation or social closure represents a claim that was made at some earlier historical moment that has since become embedded in the organization's structure and individual's habitus. That is, institutionalized exploitation and social closure reflect taken-for-granted claims that at one point in history involved active claims-making.

A relatively well-institutionalized form of exploitation involves capitalists appropriating value from workers. At the birth of capitalism, newly constituted industrial workers perceived capitalists as exploiting them, interpreting their position in the labor process as "wage slavery." The appropriation of value by capitalists was not yet unambiguously legitimate and was actively struggled against. Today, most employees find it perfectly legitimate for employers to seek profits by increasing their productivity or even reducing their labor costs. Robin Leidner relates a story of such legitimation among the McDonald's workers she worked alongside. At a monthly meeting, workers expressed a desire to pay people for more time to perform non-production related tasks instead of having workers perform those tasks around their main production duties. The manager responded with an explanation of the importance of keeping labor costs down, a counterclaim that workers treated as reasonable (Leidner 1993:79–80). In this case, a claim was made, but it foundered on the taken-for-granted legitimacy of the employer's right to keep labor costs down. One way to think about institutionalized inequalities is that exploitation and social closure between positions or people have become part of the taken-for-granted habitus of everyday life.

> Institutionalized Claims Proposition: The more institutionalized a categorical distinction, the less vulnerable it will be to active claims and the more uniform its impact on inequality distributions.

Here, readers should note that while we have discussed these three as distinct processes, in practice claims-making, closure, and exploitation are tightly linked. Closure processes often exclude people from the ability to make claims. Exploitation is the dynamic face of claims-making, describing the power differences between actors that facilitated the shift of resources from one group to another. In Chapter 7 we develop the notion of claims-making in more depth, building our position on the social psychology of claims and legitimacy in resource distribution and providing examples from the research literature on the multiple ways in which claims-making transpires.

CONTEXTUAL VARIATION IN GENERIC PROCESSES

Exploitation, closure, and claims-making are generic processes that can be expected to generate inequalities within and between organizations. They rest on categorization (a psychological process general to human cognition), emergent category-linked hierarchies of status and power, and the fact that as social animals we create organizations to produce and distribute the resources we depend upon to sustain ourselves. There are not, however, positivist laws ordaining which categories matter or the relative weight and character of the three relational inequality mechanisms. Generic processes create their effects in concrete historical, organizational, and institutional context. We highlight two such crucial contexts that we think are broad enough and general enough across social contexts to merit a theoretical articulation within the context of our generic processes.

Organizational Resources

There is no inequality without a scarce resource to be distributed. Organizations are resource-pooling devices. They generate capital, income streams, and jobs, all of which are then the targets of claims-making, exploitation, and social closure. Sociology has been surprisingly neglectful of the fundamental role of organizational resources in the process of inequality generation. We think this is a mistake. Inequalities both between and within countries are profoundly conditioned by organizational variation in the resources available to be distributed, and the resource bases of both organizations and countries are direct results of organizational efficiencies in production and power in supplier and customer market exchanges. Organizations pool resources through the same process of relational claims-making vis-à-vis other organizations and individuals via mechanisms of social closure and exploitation in market relationships.

Organizations that can attract sufficient revenue from their environment—typically from customers, sometimes from the government in the form of contracts and grants, sometimes from donors in the case of churches and charities, sometimes from family, friends, and venture capitalists in the case of entrepreneurial start-ups—pool the income that stakeholders demand in order to participate in organizational life. Organizations that cannot realize

a sufficient income fail, precisely because management, employers, donors, and investors flee or never arrive.[10]

This flow of resources into organizations is a fundamental constraint on both the existence of the organization and its inequality regime. It is these resources on which actors make claims and, therefore, through which exploitation and closure generate inequalities in their distribution. One of the consistent findings in the literature on income distributions is that larger firms and firms in dominant market positions are more likely to pay their workers wages higher than those of workers with similar skills in less resource-rich organizations. Economists refer to this as *rent sharing* (Katz and Summers 1989).[11] Of course, there are actors other than workers and owners who can mobilize claims on this above market surplus. Suppliers can raise their prices if they are powerful and customers may pay less in competitive markets or when they are the only buyer and can insist on lower prices (Burt 1983). Realized organizational surplus is therefore the result of the relative power of customers, suppliers, taxing authorities, and investors to siphon off income, in addition to more routinely recognized internal organizational efficiencies in production.

At the national level, we often think of surplus in terms of the national levels of economic development, typically measured as gross domestic product per capita. How much value is produced in a country for each human being who needs to be supported? Managerial scholars and taxing authorities typically think of organizational surplus as income net of costs, including labor costs. Marxist theory thinks of surplus similarly to management scholars and taxing authorities but sees this surplus income as the illegitimate result of the exploitation of labor.

10. There are many stylized theories of the process of organizational survival. Neo-institutionalists stress the legitimacy of organizational forms and practices (DiMaggio and Powell 1983), population ecologists focus on the match to environmental niche (Hannan and Freeman 1977), and neoclassical economists emphasize price efficiencies in production (Williamson 1981), among others. Our problem is different, although linked, in that we are concerned here with the variation between organizations in the resources available to be distributed to stakeholders.

11. Economists have long documented rent sharing: industries and firms with rising profits tend to subsequently raise wages (e.g., Blanchflower, Oswald, and Sanfey 1996; Mahmood and Heyman 2009). This is in line with the common finding that falling profits do not lead to wage cuts, while increasing profits tend to produce higher employee wages. All workers, however, need not share these rent-driven resource flows equally. Lena Nekby (2003), for example, using matched employer-employee data for Sweden finds that rising profits raise the wages of all workers, but men receive about a 30% larger share of the rent. In addition, rent sharing is more generous with high-wage workers, and it is here that she finds that women are most heavily penalized. Thus, while resource flows influence income, workers with more powerful claims on income—whether derived from skills or positional or cultural resources—tend to benefit the most.

We think it makes more sense to think of organizational surplus as an organizational income net of supplier, distribution, and taxation costs *but including labor costs*. We include labor costs in our conceptualization because these are not external costs constituent to the organization's production of value. The size of labor's share is dynamically produced through numerous rounds of claims-making. In this sense, organizational surplus is the set of resources available for distribution to actors with claims on organizational income—owners, stockholders, managers, workers, taxing authorities. This conceptualization is similar to the calculation by macroeconomists of value added, which includes income distributed to labor and capital as well as earnings retained for future investment. In this sense, it is useful to think of each organization as having a value-added analog, which we refer to as *organizational surplus*.

This idea of surplus was clearly present in Marx's account of the generation of surplus in production as the resource that organizations distributed. Human capital theory in economics also identifies the value accumulated from the sale of goods or services as the material basis for earnings distributed to actors in production (Becker 1964). Following the same insight, Joan Acker (2006) places class relations in production at the center of her notion of inequality regimes. Once resources enter an organization, they are distributed externally to pay for material and service inputs from suppliers. The residual income is a resource to be distributed to actors with claims on the organization's surplus.

In a purely egalitarian country every organizational stakeholder would receive their per capita share of the national organizational surplus. Between workplace inequalities are the deviation from this equal share baseline. In an egalitarian workplace every member of the organization would get their per capita share of organizational income. Workplace earnings inequalities are then the deviation from that pure equality condition. This surplus is partly a function of organizations' divisions of labor and internal efficiencies but also of their power to claim resources from their environment. And, as we will see in Chapter 8, sometimes organizations adjust their boundaries via subcontracting and outsourcing to limit some actors' ability to make claims on the surplus. It is also well recognized in both sociology and economics that organizations vary in both their power to set prices for customers and suppliers and their ability to manipulate the rules that govern their markets. More powerful organizations on both dimensions tend to realize higher levels of surplus as a result of their market and market-making power.

Organizations vary in their productivity as a function of the internal social and technical divisions of labor, the skills embedded in workers, jobs, workgroups, and technologies, and the quality of coordination among roles (Becker 1964; Hodson 2002; Rubin and Brody 2011). But organizations

actually accumulate income based on the sale of goods and services. This is not simply about the value produced by people in the organization but also about the value organizations can sell their products for. Resource-pooling reflects both the efficiency of production within organizations and the relative power of organizations in their environment to set prices and avoid taxes.

> Resource Pooling Proposition: Organizations accumulate resources through both structuring internal production and claiming resources in their environment. The volume of resources accumulated shapes resource inequalities between organizations.

By highlighting organizations as resource-pooling devices we not only affirm that the resource base of organizations matters for the emergence of inequality within organizations but can also begin to see that claims-making, exploitation, and closure processes determine the distribution of resources not only within organizations but also between them. Product markets are no more invisible hands than are labor markets. Instead, organizational environments, including product markets, are claims-making arenas. They are relational spaces in which organizational actors establish trust and cooperation or exploitation and social closure. This is true whether we are talking about the product market of private firms or the set of linkages between nonprofits, government agencies, and various public and private funders. The capacity of an organization to claim resources from its environment then becomes a contextual condition shaping the capacity of actors within the organization to claim those resources for themselves.

Institutional Variation

Social scientists have long used the idea of social structure to refer to those relatively durable constraints that steer strategic actions. These "structures" have in our view too often been treated as static attributes of societies or nations. While we agree that both organizational agency and individual agency are typically channeled and constrained by durable forces that appear to be beyond our control, at the same time we do not see these forces as either static or necessarily societal. The "force" in social structure is the pull of relationships in a local field of action.

Actors face limits from both the organizations and organizational fields they inhabit. These limits are structural in the sociological sense that they are both durable and constraining. At the same time, they are neither hegemonic, static, nor typically societal. We agree with Neil Fligstein and Douglas McAdam's (2011) notion that fields limit action but also that there is typically room for strategic action within fields. Actors claim resources in the field, arbitrage structure, negotiate interaction orders, and challenge the habitus they embody. Mostly they fail, and the field, its relations of power and status, and habitus of action dominate. Sometimes they succeed, and access to resources shifts. Sometimes powerful actors actually change their field's rules of the game. Occasionally, the powerful fail and new actors become dominant in fields of power.

Importantly, societies are internally heterogeneous, characterized not by homogeneity of context but by multiple strategic action fields. Actors, who are heterogeneous along race, class, gender, education, and other categorical distinctions, do not face unitary societies or social structures but rather relational fields that empower or limit their opportunities for respect, resources, and rewards. Because they have distinct positions in the fields they inhabit, employers and employees inhabit distinct societies and confront different constraints. The same can be said for races, genders, and any relationally consequential categorical distinction.

Charles Tilly (1999) described organizations as borrowing from the larger society cultural solutions to problems of social organization. The fact that occupations often become associated with particular genders or educational credentials reflects these types of institutional processes. Gender and educational distinctions are widespread and culturally available and so are typically easy distinctions to use when matching people to jobs and recognizing the value of people at work. The matching of cultural status hierarchies to organizational production distinctions both generates and helps legitimate inequalities in respect and rewards at work. Thus, internal organizational fields are profoundly conditioned by the institutions of the external fields they inhabit and react to. This is true not only for market institutions but also for racialized and gendered institutions, which similarly contain both material constraints (e.g., segregation) and cultural understandings (e.g., particular racial ideologies) that inflect and infect claims-making, exploitation, and closure in and around organizations.[12]

The fact that these categorical distinctions are in practice intersectional further fractures society and structure into qualitatively distinct positions within the field of social relationships.

Certainly from the point of view of the actor social constraints often appear to be durable—structural or even stratified in the geological sense. At the same time, actors do not negotiate societies or geological formations but

12. We find helpful the theoretical work of Eduardo Bonilla-Silva (1997) on race and Patricia Martin (2004) on gender for highlighting the interactional impact and historicity of institutions for inequality. Barbara Risman's (1999) work on gender in intimate relationships is valuable in pointing out that gender (and presumably any institutionalized categorical distinction) operates at the individual, interactional, and institutional levels. Her work is simultaneously relational and contextual.

rather must act strategically in local fields. That we often mistake our local action field for societal structures is merely a perceptual error, produced by our limited awareness of field-level properties, much less our inability to perceive whole societies or the historical durability of opportunity structures.

We think of social institutions as powerful influences on local strategic action fields. At the same time actors internal to organizational inequality regimes reinterpret and channel these institutional influences. If we look historically in any one country, we can see social institutions change. Since organizations are lodged in fields, these institutional shifts can be expected to diffuse across organizations. However, how that change happens will be a fundamentally locally negotiated process (Hallett and Ventresca 2006).

> Organizational and Institutional Fields Proposition: Inequality regimes and their internal configurations of categorical distinctions and inequality mechanisms will refract, rather than reflect, the causal pressures from their external organizational and institutional fields.

Cultural and legal institutions within nation states around employment, such as collective bargaining regimes, labor market regulations, and employment laws, are central to the institutional framework shaping what goes on inside organizations. Among industrial societies there are multiple varieties of capitalism and socialism, each of which puts different constraints on organizational processes. In some countries the welfare state insures against risk in the labor market, thus strengthening the bargaining power of labor, especially of low-skilled labor. Countries also vary tremendously in their labor market institutions. Some countries are highly unionized and take for granted that labor has a legitimate claim on organizational resources. In others, including the United States, organized labor is very weak and the law encourages wage bargains at the individual or job level. In some countries the state explicitly supports the bargaining power of capital or of labor, and in some the state acts as a referee. State intervention has been crucial to shifts in the ability of women and ethnic minorities to be treated with respect in workplaces. National variation in cultural and legal institutions will tend to influence most organizations within their borders. Thus, as legal and cultural expectations as to what are legitimate claims on organizational resources shift over time and context, we can expect the observed set of inequality regimes to shift as well. Later in this book we observe such institutional influences on organizational inequality regimes historically, comparatively, and within specific product and labor market institutions. Thus, we expect substantial organizational variation in how inequalities become embedded in local fields and their implications for categories of people based on the cultural and legal institutional frameworks.

We understand the influence of institutions from the point of view of the actor. Actors make decisions in their fields of action. These proximate fields are typically not whole societies but the set of other actors that a person or firm takes into account when deciding on a course of action. Institutions, which we take to be sets of practices and expectations that cross-cut multiple local fields, are at a higher level of abstraction. Like culture more generally, institutions do not so much exist as provide templates for types of action that one might pursue. We can speak of gender, race, and capitalism as institutions, impinging on all fields in a society. But most of the time their impact will need to be transmuted first through a more proximate field of actors and then inhabited in concrete interactional settings within organizations. So even unitary cultural notions of what capitalism should be or of what gender differences or racial stereotypes will be are inhabited and interpreted through the prism of local social relationships.

Similarly, organizations respond to their market or legal or political fields, which in turn are influenced by institutions that cross-cut local fields and provide cultural or material roadmaps for action. Mario Small (2009) has pointed out that because organizations exist simultaneously in multiple fields (e.g., customer, supplier, competitor, regulatory) there is variability in organizational form and action. In this sense the influence of institutions on organizations is indirect, via more proximate fields, and indeterminate in consequences. The imagery here is not so much that of institutions as stacking matryoshka dolls but of a constellation of stars and planets exerting gravitational attraction on each other.

Approaching organizations with this particular institutional lens further forces us to think about organizational inequalities in historical terms. When we think institutionally, we recognize that any cultural, legal, or market practices are temporary, lodged in a specific historical and political moment. That is to say, where you are in history makes a great deal of difference as institutions vary over time as well as place. For example, the spread and legitimacy of educational credentials as criteria for job matching is a relatively new social invention. Educational certification has spread across the globe only in the last 100 years, displacing family and community of origin as the primary job closure criteria in many workplaces and countries. The rise of educational institutions as the primary legitimate source of distinction reflects a host of societal shifts, including initially literacy requirements for workers to match developing technologies, the increased power of educational organizations to define skill and talent, and the political role of some occupations to link their employment monopolies to educational certification. Gender, on the other hand, is a much older basis for distinction, which has only come under widespread attack fairly recently. The thoroughly

modern idea that women are fully human is still diffusing across institutional contexts, but in societies where traditional gender distinctions have weakened, gender-based claims over resources are increasingly replaced by or disguised within education or other productivity-linked claims.

RIT stresses the fundamental importance of historical and institutional context for ratifying, exaggerating, or muting status-based claims on organizational resources. Thus, categorical distinctions should not be expected to uniformly generate legitimate claims. If we look across countries and over time, we find examples of multiple institutions, each shaping the inequality regimes that develop within organizations. There are varieties of capitalism, gender regimes, racial formations, and welfare state institutions. And all of these provide the social contexts around which organizations develop inequality regimes.

The salience of particular categorical distinctions—such as gender, education, and occupation—for employment inequalities has been shown to vary as a function of national labor market institutions, the formalization of personnel policy, managerial equal opportunity accountability, local versus centralized wage-setting, product market competition, team versus hierarchical labor process organization, and organizational compensation practices (see our reviews of this literature in Avent-Holt and Tomaskovic-Devey 2014).

> Contextual Variation Proposition: Institutional contexts can legitimate or delegitimate claims and can magnify or mute the exploitation, social closure, and claims-making consequences of any categorical distinction.

CONCLUDING THOUGHTS

This chapter has laid out the formal conceptual building blocks in RIT. Categorization is a ubiquitous process which people use to make distinctions between human beings. These distinctions tend to be converted into moral boundaries between in- and out-groups, low- and high-status traits. Categorization simplifies cognition, encouraging us to rely on cultural stereotypes or past experience in order to evaluate the moral worthiness of people based simply on group membership. Racism, sexism, xenophobia, nationalism, as well as more mundane distinctions such as occupational culture or community pride all put categories into motion, producing inequalities.

But categories are not sufficient. For inequalities to be installed, we need a set of concrete mechanisms in consequential social contexts. Organizations provide that social context as the most profound context in which actors interact with one another to divide up material and social resources. Claims are the active bases upon which organizational resources are distributed, functioning as the interactional mechanism that sets exploitation and social closure into motion to produce inequality. The capacity for claims to be legitimated is conditioned by the institutional arrangements that cross-cut social fields and the resource base of the organization itself. These condition the constitution of claims and their ability to generate inequality but only by intersecting with local organizational cultures to produce distinctive inequality regimes.

It should be clear that our argument is profoundly local. We see local interaction within organizations as the bedrock upon which what come to appear as national and even international systems of inequality emerge. Some readers may wonder what to do with concepts like social structure and how to relate this to our notions of field and institution. We take *social structure* to refer to those relatively durable constraints that steer individual opportunity and action, typically conceptualized at the societal level. Patriarchy, capitalism, and racism are often treated as fairly static societal or national social structures that govern action homogenously across geographic and organizational space. While we agree that individual action is typically channeled and constrained by durable forces beyond any individual's control, at the same time we do not see these forces (e.g., patriarchy, capitalism, racism) as either static or necessarily societal. Instead, we treat these "isms" as institutional forces that must be interpreted and enacted within local social contexts and that are translated through local social relationships (Fine and Hallett 2014). Institutions, conceptualized as both cultural notions constituting what is right and proper and the normative expectations and sometimes formal rules and laws shaping social action, tend to cut across fields, providing cultural material to be adopted and modified within many fields. The fact that the categorical distinctions that make up these "isms" are in practice intersectional further fractures society and structure into qualitatively distinct local social orders. Fields are the local spaces in which cross-cutting institutions get refracted and concretized in particular ways. From the actor's perspective, social structure is not so much a generalized arrangement of constraints and opportunities as it is a discursive framework that is worked out in local social fields. From a more macro perspective, social structure is comprised of the relationships among organizations, fields, and institutions. These relationships produce a structure that appears static but, similar to an atom or a solar system, is in fact held together by a set of relationally attractive and repulsive forces.

One may also wonder how to reconcile our profoundly organizational argument with the recent historical development of the disintegration of organizational forms and the boundaries between organizations. Since the 1980s the boundaries of organizations have been changing rapidly, with many organizations shedding what used to be internal processes of

production and contracting these tasks out to other firms. In the contemporary era of organizational devolution organizations control their own boundaries and often do so in strategic ways. In a definitional sense, which tasks happen within the organization versus which are acquired from other organizations define the boundary of organizations. This has produced a growth of inequality between firms as actors in low-wage occupations are excluded from organizations housing core production functions. When high-income organizations externalize production roles, for example, by outsourcing, subcontracting, or hiring needed labor through temporary agencies, they define their boundaries to exclude some stakeholders from claims on organizational resources (Cobb 2016). This means that inequalities between organizations take an increasingly predominant role. We will return to this increasingly important problem of organizational boundaries as it relates to rising income inequality in Chapter 8. Here, it is worth pointing out that organizations are still central, but what matters is how organizations construct their boundaries. The concept of field becomes critical as the organization becomes a set of interlinked organizations that constitutes a field in its own right. In this sense, the field has not shifted as much as has the legal boundaries of organizations.

One of the profound problems with theoretical systems of the sort we have offered here is that theory alone tends to lack sufficient clarity to produce either a real-world image or inspire a research design. In the next chapter we develop these theoretical ideas via a series of examples of distinct organizational inequality regimes. Later chapters develop both conceptually and empirically the inequality generating concepts of exploitation, social closure, and claims-making. The penultimate chapter focuses on the role of market and organizational power in rising earnings inequalities. In the final chapter we return to the theory and point out some practical avenues for further development of the RIT approach to challenge troubling inequalities.

Relational Inequalities

An Organizational Approach

Donald Tomaskovic-Devey
Dustin Avent-Holt

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