Organizational Approaches to Inequality: Inertia, Relative Power, and Environments

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Abstract

This article reviews recent theoretical and empirical research addressing organizations and workplace stratification, with an emphasis on the generic organizational mechanisms responsible for producing both stability and change in workplace inequality. We propose that an organizational approach to the study of stratification should examine status- and class-based inequalities at the intersection of (*a*) the inertial tendencies of organizational structure, logic, and practice; (*b*) the relative power of actors within workplaces; and (*c*) organizations' institutional and competitive environments. The interplay of these generic forces either reproduces static practices and structures or leads to dynamic processes of change. We conclude with theoretical and methodological implications for analyzing social stratification through an organizational lens.

INTRODUCTION

Contemporary stratification scholars are unlikely to deny the claim that organizations are the primary site of the production and allocation of inequality in modern societies. Although there is considerable consensus on this point, until recently the use of organizational data to study inequality was rare, due at least in part to the plentiful individual-level data and the relative lack of organization-level data. In their 1999 *Annual Review* article, Reskin and colleagues pointed out the paucity of research examining race, gender, and class inequality through an organizational lens. In this article, we center our attention on the considerable body of research that has been generated since that review. A recent review by DiTomaso and colleagues (2007a) provides complementary but distinct discussions of status processes, macro group power relations, and organizational demography.

Since Baron & Bielby's (1980) call to "bring the firms back in" to stratification research, access to organization-level data has increased, as has scholarly interest in organizational perspectives on labor market inequality. Data sources including (*a*) the U.S. National Organizations Surveys and similar surveys in Norway, Sweden, Germany, and Australia; (*b*) the Multi-City Study of Urban Inequality employee-employer survey; (*c*) firm and establishment personnel record data spanning various industry and national contexts; and (*d*) establishment-level panel data collected by the U.S. Equal Employment Opportunity Commission (EEOC) all provide new developments and new opportunities for students of organizations and workplace inequality (see Kmec 2003 for review).

Our intention in this article is to focus the field by reviewing recent theoretical and empirical developments regarding the influence of internal status dynamics and external organizational environments on inequality. Our primary focus is on studies of race/ethnic and gender inequality at work because this is where the most research has been conducted. We hope to inspire research that examines social, economic, political, experiential, and health inequalities resulting from these interactional and organizational processes. Moreover, our goal is to make a dynamic organizational perspective on inequality accessible to scholars who have not been exposed to these ideas in the past. Although we center our attention on race and gender inequality, and to a lesser extent on class, we also believe that an organizational approach is useful for exploring other status-based inequalities at work, including sexuality, age, and disability.

We organize and summarize the research on organizations and inequality using three interrelated explanatory frameworks. The first is inertia: the tendency for organizational practices to resist change over time. Inertia is probably the most powerful force affecting workplace inequality and tends to reproduce organizational divisions of labor, demographic composition of jobs, and the relative power, status, compensation, and respect afforded different actors over time. The second force is the relative power of internal constituencies, which encompasses both political struggles and status processes operating within organizations—internal pressures for both organizational stasis and change. The third force is exogenous pressures, emanating from organizations' environments, to adopt or preserve organizational strategies, routines, and practices. Most of the studies we review center their attention on either inertial forces, internal relations of power, or environmental pressures. One of the central points of our review, and one we hope researchers adopt, is that these generic forces are always in play, and although at any particular moment their relative influence may vary, they also are likely to interact either by reinforcing each other and encouraging static practices and structures or by conflicting and producing organizational dynamics.

ORGANIZATIONAL INERTIA

Organizational structures and practices, once established, are resistant to change (Stinchcombe 1965). Indeed, most perspectives see organizations as moving toward a state of inertia. We see inertia as built around cognitive, interactional, and institutional processes that create and reinforce power and status distinctions and expectations. In this section, we devote our attention to the organizational processes and practices that are likely to stabilize status hierarchies within workplaces. Specifically, we discuss (*a*) the cognitive foundations of organizational inertia, (*b*) organizations' formal job structure and the policies governing their distribution, and (*c*) the long-standing effects of conditions at organizational founding.

Cognitive Foundations of Organizational Inertia

At the microfoundations of organizational life lie a host of cognitive and interactional processes that hold crucial implications for workplace stratification. Organizational routines, status distinctions, and divisions of labor become the taken-for-granted framework for habitual action (Emirbayer & Johnson 2008). In addition, decision makers' evaluations of job, promotion, and termination candidates are often influenced by largely unconscious cognitive biases, which reproduce status inequalities within organizations.

Cognitive bias refers to how information is routinely processed and distorted in decision making (Bielby 2000, Reskin 2000). The human brain tends to process information in terms of categorical distinctions (e.g., white-black, male-female) or roles (e.g., manager-worker, doctor-nurse) that hold widely shared cultural meaning, called status beliefs. Status beliefs form the basis for the allocation of resources because they "evaluate one sex [or race, role, etc.] as generally superior and diffusely more competent than the other" (Ridgeway 1997, p. 221). Because status beliefs attach different values to different socially constructed statuses, they aid in the reproduction of privilege among culturally valued statuses (e.g., male, white, manager) and disadvantage among less valued statuses (e.g., female, nonwhite, worker). In the United States, for instance, where racial and gender hierarchies are highly institutionalized, race and gender have become key markers of individuals' abilities and ambitions. The literature generally agrees that two aspects of cognitive bias processes—stereotyping and in-group preference—are particularly salient for understanding the reproduction of inequality (see DiTomaso et al. 2007a for review).

Stereotyping. An important consequence of status beliefs is the creation of stereotypes (Ridgeway & Correll 2004). Stereotypes reflect status beliefs in that they tend to reinforce status inequalities by further highlighting culturally generated categorical differences, which are applied to all members of a group.

Gorman (2005) provides an important study demonstrating how these cognitive status processes operate within workplaces. Using a sample of law firms, she examines how women's representation among new hires is profoundly affected by whether or not the hiring criteria emphasize stereotypically masculine or feminine traits compared to gender-neutral criteria. Similarly, Roth's (2004) study of men and women on Wall Street demonstrates that clients often make assumptions that female financial analysts are less knowledgeable than male peers. As one female respondent commented, "clients always assume that I'm a junior person on the team. Even clients who know me, if there's a new analyst, a male analyst, they will assume he is senior to me" (Roth 2004, p. 204). In effect, financial jobs on Wall Street are assumed to require masculine stereotypical traits, and because women are seen as occupying a status-incongruent role, they are evaluated less favorably and have fewer opportunities than their male counterparts.

Other studies demonstrate how gender and race operate as a general indicator of competence. Gorman & Kmec (2007), examining data from both the United States and the UK, find that women report greater required work effort than men. They speculate that because of evaluation bias favoring men's work performance over women's, women must be more productive to receive a comparable evaluation. Bell & Nkomo's (2001) study of black and white female corporate executives demonstrates a similar process in which white women are deemed more competent and diligent than black women. Other research has also shown that individuals are more favorably evaluated when performing tasks that are stereotypically associated with their own status group (Reskin & Padavic 1988).

Because stereotypes are based on deep-seated, often unconscious status expectations, they also shape individuals' perceptions of their own competencies and abilities as well as the opportunities that may be available to them. For example, the stereotype that men are better at math compared to women is partially responsible for shaping the types of careers men and women pursue (Correll 2001). Hence, stereotypes play a role in recreating inequalities by influencing not only employers' decisions, but also the very types of work that people pursue.

In-group preference. Simply making discrimination illegal or having a management team that embraces an equal opportunity agenda will not short-circuit these status expectation processes automatically. Characteristics individuals hold as salient components of their self-identities become favorable bases for the evaluation of others, whereas dissimilar characteristics are viewed less favorably (see DiTomaso et al. 2007a). Consequently, people tend to develop stronger affinities and trust with others whom they categorize as "like me." In-group preference may also lead to attribution errors. Attribution errors tend to focus on the successes of superordinate statuses, attributing them to skill or talent, while ignoring or downplaying mistakes attributed to bad luck or situational factors. Conversely, for subordinate status groups, attribution errors tend to be reversed, such that mistakes are taken as evidence of inadequate skills or potential, and successes may be overlooked or treated as situational. Hence, in-group bias tends to reproduce workplace inequalities by affecting the allocation and distribution of organizational resources.

Recent studies examining the race and gender of hiring agents on the race and gender of new hires suggest that in-group preferences appear to influence decision-making processes. Gorman's (2005) study of women in U.S. law firms reveals that firms with female hiring partners are more likely to hire female than male job applicants; however, this effect is most pronounced for entry-level jobs and in firms with few female partners. As the gender composition of partners becomes balanced, the effect disappears. Gorman speculates that in-group preferences are likely to be greater when female hiring partners perceive themselves as underrepresented. Hence, under these conditions "female decision makers may feel a stronger motivation to help other women or a stronger preference for interacting with similar others" (Gorman 2005, p. 722; see also Cohen et al. 1998).

In a study examining the relationship between race and hiring, Stoll et al. (2004) find that black hiring agents are more likely to hire black job applicants than are white hiring agents. A portion of this difference has been linked to the greater number of black applicants received by black hiring agents compared to white hiring agents. Similarly, Giuliano et al. (2009), analyzing data from a large retail firm, find that black hiring managers are more likely to hire black workers than are white, Hispanic, or Asian hiring managers. In-group hiring preferences are also noted for Hispanics, but only in labor markets where Hispanics account for approximately 30% or more of the population. The authors attribute some of the in-group preference effect to hiring networks and the possible aversion of whites to working for black managers.

Current social psychological research carried out in experimental settings suggests that when status distinctions are supported by both cultural expectations and structural position in the organization, the advantages of the normative in-group are generalized, leading to better evaluations and preferential treatment by all actors (Fiske et al. 2002). Thus, status hierarchies are recognized and legitimate to both high- and low-status groups (Ridgeway & Correll 2004). DiTomaso et al. (2007b) explore these ideas in actual organizations, predicting that high-status actors will receive attribution benefits and low-status actors will suffer from indifference, rather than negative bias. The study, which includes survey data from R&D scientists and engineers and their managers in 24 firms, shows that, after controlling for actual task performance, U.S.-born white men, the normative in-group, received greater access to technically challenging work and were evaluated more favorably on task performance. U.S.-born white women and black men, along with three immigrant groups, received average evaluations and opportunities, which was attributed to the absence of negative bias. However, evidence of negative attribution error leading to limited career-enhancing work and less favorable evaluations of U.S.-born black women exists. In a study of job search information sharing, Huffman & Torres (2002) find a pattern of favoritism toward males by both women and men. Castilla (2008), in a particularly thorough study of pay and promotion decisions with a highly formalized firm, finds no race or sex differences in merit evaluations by managers but does find significant white male advantages in the size of salary increases awarded to merit evaluations. He interprets the absence of bias at the evaluation stage to be caused by the combination of formal merit evaluation, managerial accountability, and transparency in the merit ranking process. Bias enters at the salary award stage when managers' decisions are not visible to other employees.

The cognitive bases for class- and credential-based inequalities have, as far as we can see, received no attention in the organizational inequality literature. The conditions under which cognitive biases support class- and credential-based inequalities, or their erosion, might be promising arenas for future research.

Formal Structure and Organizational Inertia

Internal divisions of labor. One of the key features of formal organizations is that they are designed to outlive their participants. This is accomplished, in part, by the formalization of the rights and privileges attached to the hierarchy of jobs within the workplace and how they are related, net of the incumbents who occupy them. The division of labor typically codifies workplace inequality because it (*a*) determines the scope and possibility for upward mobility in organizations (e.g., extensive versus limited job ladders), (*b*) structures the form and content of social interaction (based on positional authority or ascribed characteristics), and (*c*) typically defines compensation structures. In the presence of status or class inequalities, all these factors are likely to reinforce the cognitive foundations of organizational inertia.

Because biases interact with the formal division of labor, women and racial minorities are often segregated into jobs offering lower wages (Kmec 2003, Semyonov & Herring 2007), reduced access to job training (Tomaskovic-Devey & Skaggs 2002), and limited paths for upward mobility with respect to differential promotion opportunities and structures (Baron et al. 1986, Collins 1997, Gorman & Kmec 2009). Of course, this formal division of labor and the rewards attached to jobs are the fundamental class inequality–producing mechanisms in all workplaces.

Other studies have examined how internal divisions of labor affect mobility. Smith-Doerr (2004), following women scientists' careers in academia, the pharmaceutical industry, and biotech firms, finds greater mobility for women in biotech firms. She attributes this effect to the cooperative, rather than competitive, basis of work organization and reward in these firms. Kalev (2009), examining how the formal organization of work affects access to managerial jobs for women and blacks, finds greater managerial attainment for previously disadvantaged groups in firms where work was organized using teams with less rigid hierarchical job distinctions. She suggests that these newer forms of work organization are efficacious for improving equal opportunity because they increase intergroup contact and possibilities for networking, all of which serve to reduce stereotypes and increase female and minority access to managerial positions. These results are consistent with social psychological predictions that increased intergroup contact in cooperative (rather than competitive) settings will reduce stereotype and attribution bias (Pettigrew & Tropp 2006). Additionally, Shin's (2009) recent research has shown that production organized around teams is associated with less within-workplace wage dispersion.

Although we know that the division of labor can influence race, gender, and class inequality, relatively little attention has been given to how the formal division of labor develops (see discussion in Haveman et al. 2007). The justification for the division of labor in organizations may often entail technical imperatives and efficiency motives. Indeed, some evidence suggests that this can be the case (Baron et al. 1986, Haveman et al. 2007). There is also evidence that the division of labor is shaped by cultural and demographic factors (Haveman et al. 2007, Phillips 2005, Strang & Baron 1990) and the relative power of groups of workers (Vallas 2006).

Routines, policies, and practices. Inequality at work does not emerge from the ether, nor from amorphous occupations or industries, but rather is developed within the routines, policies, and practices that organizations employ to recruit, evaluate, hire, and retain employees. This is precisely why studying inequality using individual or aggregate data, without information about organizations, is inherently problematic.

While Max Weber was deeply concerned about the negative consequences of the inevitable spread of bureaucratic forms of social organization and the process of rationalization that it embodied and legitimated, he also believed that a redeeming quality of this mode of administration was its ability to "purge particularism" (Weber 1968 [1921]). Given that bureaucracies are purported to operate on the basis of formal rationality, with formalized procedures for the selection of employees, job applicants will be evaluated based on their qualifications and skills (universalistic principles), as opposed to particularistic tendencies based on personal loyalties and/or ascribed characteristics.

Formalization of the human resource management (HRM) function has been hypothesized to reduce inequality precisely because it reduces the influence of the basic social psychological mechanisms, discussed above, which serve to reproduce status and power inequalities (Bielby 2000, Reskin 2000). Hence, although formalization may not eliminate workplace inequalities, it is expected to mitigate them (Anderson & Tomaskovic-Devey 1995, Reskin & McBrier 2000). The strongest version of this approach argues that in formalized firms with equal opportunity commitments, bias processes may be entirely absent, at least for promotion decisions (Petersen & Saporta 2004, but see Castilla 2008). In the absence of formal rules and procedures regarding the evaluation of applicants and employees, individuals are likely to base decisions on stereotypical views and in-group preferences.

However, there is mixed evidence that inequality is lower in organizations with more formalized personnel practices. Anderson & Tomaskovic-Devey (1995) find that women's wages were higher in more formalized organizations than in less formalized ones, although formalization had no effect on men's wages. Elvira & Graham (2002) find within-firm variation in gender earnings inequalities based on the extent to which pay systems were formalized, with formalized systems providing greater wage equity. Reskin & McBrier (2000) find that women's representation in managerial jobs was greater in formalized firms compared to less formalized ones. Although based on single-firm case studies rather than on cross-organizational comparisons, some research has shown that, in formalized workplaces with equal opportunity agendas, women's rates of promotion may even surpass those of men (Dencker 2008, Petersen & Saporta 2004, Spilerman & Petersen 1999).

All formalization does not, however, lead to reduced inequality. Internal labor markets have been found to heighten both gender and ethnic inequality (Baldi & McBrier 1997, DiPrete 1989, Huffman 1995). Departmentalization has also been linked to higher gender segregation (Tomaskovic-Devey & Skaggs 1999a). Kmec (2005) examined the effect of various organizational staffing procedures on the likelihood that an organization would hire a male or female into a sex-neutral or into a traditionally male- or female-dominated job. The findings were quite mixed, leading Kmec (2005, p. 343) to suggest that "bureaucratization or formalization of an organization's hiring process does not automatically eliminate sex-based hiring decisions; instead, they may institutionalize women's and men's different employment options in formal job descriptions and requirements."

In one of the most comprehensive studies to date, Kalev et al. (2006) explore access to management positions and find that formalized personnel policies had negative effects on access to management for blacks and that diversity training had no or even negative consequences for women and minorities. Nevertheless, the results show that the use of diversity committees and evaluating managers for equal opportunity progress increased female and minority access to managerial jobs. Their research suggests that formalization, per se, may not matter as much as the presence or absence of bureaucratic accountability structures (see also Bielby 2000, Reskin 2000). This is consistent with research by Baldi & McBrier (1997) that shows that black employees are more likely to be promoted in organizations with a formal personnel office than in those without. Similarly, Baron et al. (2007), using a sample of high-tech firms in California, find that having a full-time HRM administrator is associated with a greater percentage of women in science and engineering jobs. In a study contextualizing the effect of formalization, Dobbin et al. (2009b) find that formal personnel policies, in the absence of legal accountability, are likely to have no or even a negative effect on managerial diversity. The same policies show some positive effects when the firm is under additional affirmative action (AA) oversight. In contrast, programs that specifically target women and minorities are effective regardless of legal oversight.

Baron and colleagues (2007) argue that it may not be merely the presence or absence of a policy or practice, but the organizational logics or values that undergird rules that should affect ascription in organizations. Formalization will promote gender equity only if the underlying values that steer implementation are meritocratic. Their findings, however, suggest that bureaucratic logics as well as bureaucratic accountability structures (full-time HRM position) ameliorated ascription. Similarly, Castilla (2008) suggests that formalization must be supported by visibility and accountability in decision making in order to purge particularism.

In all, this line of research suggests particular paths through which organizational bias appears to be reduced. While formalization with accountability may reduce bias in hierarchical settings, following Smith-Doerr (2004) and Kalev (2009), contact and cooperation may be essential to reducing bias in nonhierarchical workplace settings.

Founding Effects

Upon founding, organizations are imprinted with technology and culture in their environments (Stinchcombe 1965). Just as an organization may be unable to implement the newest production technology owing to sunk costs in older, less efficient production methods (Hannan & Freeman 1984), organizations founded prior to the Civil Rights Act of 1964 may have less supportive cultures of diversity. Kim (1989) shows that pay systems designed with gender bias in positional rates of pay continued to reflect these biases over half a century later. In a study of California civil service agencies, Baron and colleagues (1991) find gender equity in job assignments to be greatest among young departments. Tomaskovic-Devey & Skaggs (1999b) find that firms established in the

1970s had higher levels of managerial gender integration than firms founded earlier. Thus, it might be expected that organizations founded after the Civil Rights Act, but particularly during the 1964–1980 period of peak organizational uncertainty and regulatory enforcement (see discussion in Stainback et al. 2005, Stainback 2009), show the least status and power inequities.

In a similar line of research, Baron et al. (2007), using a sample of young high-tech firms, find that organizations originally established with a bureaucratic organizational logic regarding HRM had a greater number of women in science and engineering jobs compared to firms founded on different logics, net of any changes in the employment logic since founding. The results highlight an important link between the organizational blueprint at the time of founding and the developmental path of these firms with regard to the number of women in science and engineering positions, suggesting that "the current extent of gender inequality in an organization might reflect not only the current sex composition but also *the developmental path* by which the enterprise achieved that demographic mix" (Baron et al. 2007, p. 59).

The notion of path dependency is an interesting one, demonstrating the importance of founding effects, as well as driving our understanding of how previous and current organizational states affect subsequent ones. For example, race and gender segregation has been a key outcome in the organizational stratification literature. But few studies have seriously explored how the level of segregation at founding, or in the present, affects integration trajectories. Sørensen's (2004) longitudinal study of a large banking firm provides some evidence of a path-dependent process. He finds that the higher the same-race composition of coworkers at the time an employee enters the firm, the lower the odds of firm exit. Additionally, his research indicates that, over time, as the proportion of same-race coworkers declines, the odds of turnover increase.

Other recent research has focused on the effect of imprinting, not only of organizations, but also of specific positions. Skuratowicz & Hunter (2004) examine the creation of new jobs resulting from restructuring in a large U.S. bank and find that managers cast new positions with gendered expectations. These gendered imprints affected both managerial staffing decisions and employee job choices, both of which (re)produced sex-segregated jobs. Research also suggests that turnover rates in organizations reflect the functional background match between current incumbents and the founding incumbents in positions (Burton & Beckman 2007, Phillips 2005, Sørensen 2000). Burton & Beckman (2007), for instance, focus on the imprinting of jobs for a sample of high-tech firms in Silicon Valley. Their primary interest lies in understanding how the functional background of the first job incumbent affects turnover rates of successors either because of normative pressures (an external force) or because of the degree to which the successor matches the position imprint. The results show turnover to be lower among successors who matched the imprint, rather than the normative expectation, suggesting the importance of local firm histories. Whether such position imprints would be found for the race and gender of first incumbents on successors, net of normative expectations, remains to be seen.

An additional aspect of founding effects in the organizations and inequality literature relates to the transmission of organizational logics within firms. Phillips's (2005) study of law firms in Silicon Valley reveals that, upon a firm's launch, founders bring with them the organizational blueprint (logics, values, routines) of their parent firm. He shows that founders are more likely to advance women to partner status when there is a history in the parent firm of women reaching these positions.

THE RELATIVE POWER OF INTERNAL CONSTITUENCIES

The relative power of internal workplace constituencies (e.g., dominant managerial coalition vis-à-vis skilled workers) also influences change in divisions of labor, human resource practice, and the allocation of organizational resources. Status-based processes of exclusion and inclusion governing the distribution of valuable opportunities are also central to the production of workplace inequality (Tomaskovic-Devey 1993). The specific mechanisms producing exclusion and inclusion will likely vary with organizational and historical context, as status groups dynamically attempt to preserve and expand their advantages by limiting access to others outside of their status group (Tilly 1998). Excluded groups will tend to devise means to usurp status monopolies, either by directly challenging a superordinate's advantages or by monopolizing other resources (Parkin 1979). In this section, we examine three documented sources of internal pressures for stability and change in racial/ethnic, gender, and class stratification at work. Thus, the relative power of internal organizational constituencies can be the basis for either reinforcing current organizational practices or challenging them. Here, we highlight research with implications for change in inequality outcomes.

Employee Groups

The labor process tradition in the sociology of work has long emphasized the relative power of actors—owners, managers, and different groups of workers—to influence the technical and social organization of work (e.g., Edwards 1979, Hodson 2001, Vallas 1993). Choi et al. (2008) focus on the influence of actors' relative power and status on worker autonomy in the labor process, finding that skill-based sources of power are more influential than sex or ethnic status in determining levels of work autonomy. Although not linked to workplace data, the decline of unions as a source of worker power in the United States has been convincingly linked to declining working-class wages and increased societal income inequality (Kim & Sakamoto 2008).

Although much scholarly work has shifted toward focusing on workplace discrimination as a largely unconscious process, conscious bias continues to be a plausible source of organizational inequality. The theory of statistical discrimination, for instance, refers to employers using known or assumed differences in competencies between groups to discriminate against all members of the subordinate group (Tomaskovic-Devey & Skaggs 1999b). We do not know how widespread this type of direct self-conscious discrimination by employers is, but evidence from recent qualitative research suggests that it continues to operate (Browne & Kennelly 1999, Correll et al. 2007, Moss & Tilly 2001). There is also substantial quantitative and qualitative evidence from contemporary validated discrimination claims of active self-conscious bias in workplace hiring, firing, promotion, and harassment (Roscigno 2007).

Social closure theory has become the dominant explanation for when exclusionary practices will emerge. Superordinate groups preserve their advantages by excluding others from access to desirable positions (Reskin 1988, Tilly 1998, Tomaskovic-Devey 1993). Clearly some social closure behavior will be produced by the cognitive bias processes discussed above under organizational inertia, but some will arise more or less self-consciously when status or class advantages are challenged (for discussion of social closure as both a conscious and unconscious process, see Roscigno 2007, Stainback 2008).

There have been many experimental studies of organizational and housing discrimination in natural settings that repeatedly show race and gender bias in selection decisions but that do not isolate the generative mechanisms (Correll et al. 2007, Pager 2003, Riach & Rich 2002). Observational studies of overt discriminatory behavior are rare. The most common form is found in qualitative workplace studies of integrating jobs where particular discriminatory statements or events are observed (e.g., Cockburn 1991, Eisenberg 1998, Martin 2001, Padavic 1991, Reskin & Padavic 1988). Although the qualitative literature is consistent with a social closure framework, there has been little comparative organizational work that directly observes discrimination as exclusion. The three general exceptions are research on workplace bullying, sexual harassment, and discrimination complaints (Chamberlain et al. 2008, Hodson et al. 2006, Roscigno 2007, Roscigno et al. 2009, Uggen & Blackstone 2004). Within this research, active social closure tends to be stronger when existing status hierarchies are threatened, often by the integration of previously sex- or race-segregated work.

In contrast, organizational research on earnings and internal constituencies is limited. The well-known union wage bonus is typically interpreted as the result of effective wage claims by organized workers (Freeman & Medoff 1984). Current research, mostly by economists, focuses on declines in the union wage premium (e.g., Branchflower & Bryson 2004). Studies of nonunion employee effects on wages are rare. In a cross-section study of both U.S. and Australian organizations, Tomaskovic-Devey et al. (2009) find that status characteristics, as well as skill resources, were powerful determinants of between-job earnings inequality. DiPrete et al. (2009) show that corporate executives in tandem with compensation consultants have been able to increase their compensation packages by first defining their market comparisons as the most highly paid alters, which produced a fictive market that legitimated the well-known surge in executive composition packages. Nelson & Bridges (1999) argue that wage setting, at least in U.S. firms, is primarily about internal organizational negotiations over the value and power of different jobs within specific organizations. Their point is that although external labor markets may influence the perceived value of specific jobs, they need not. They find that when male work groups make claims about the need for high wages to match the market, those claims are treated as particularly plausible. Such claims may even be false, but when made by internally powerful or socially persuasive work groups, they can be convincing.

Although much research has assumed a relatively stable set of jobs (i.e., inertial pressures discussed above), there is also evidence that changes in the division of labor can disproportionately affect workers of various statuses. In a case study of restructuring within a unionized manufacturing firm, Fernandez (2001) finds that, although all jobs were up-skilled, only white men and those in the highest skilled jobs experienced increased wages after restructuring. Thus, class, gender, and race inequalities were exaggerated during periods of restructuring. Conversely, Dencker (2008), investigating sex and managerial promotions in a single large firm with a strong HRM commitment to equal opportunity, finds that women in higher managerial grades benefited from restructuring and modification in human resource practices. The contrast in findings between these two studies strongly suggests that the inequality consequences of reorganization will interact with the relative power and agendas of key actors in the firm. To this point, Kalev (2009) finds that the share of women and minority employees declines following downsizing, but less so if an attorney accompanies the process.

There is ample evidence that minority and female access to supervisory jobs tends to happen in workplaces with larger minority and female representation in nonsupervisory jobs. Elliott & Smith (2001) suggest that usurpation of white male authority monopolies is most likely to occur in employment positions that manage or supervise minority or female workforces, a process they refer to as bottom-up ascription. They interpret this as a reaction to demands for inclusion by women and racial and ethnic minorities. Stainback & Tomaskovic-Devey (2009) find that this race/sex matching of supervisors to work groups developed as an organizational practice over the 1970s and has resulted in an intersectional pattern in which white men manage all men, white women manage all women, and minority groups primarily manage work groups matching both their sex and race.

Leadership

When the dominant coalition, typically top management and professional staff, is committed to equal opportunity goals, we would expect stronger pressures for status leveling. Baron (1991) cites extensive anecdotal evidence that leadership commitment is required to advance equal employment opportunity (EEO) agendas. Cockburn (1991) finds that EEO initiatives are most likely to be successful when supported by top management. Women's representation in managerial jobs, and especially in high-level leadership positions, mitigates wage disparities between women and men (Cohen & Huffman 2007; Hultin & Szulkin 1999, 2003). Additional studies have found that gender segregation is lower in organizations with more women in managerial roles (Baron et al. 1991, Huffman et al. 2008). Whether numbers either shatter reliance on stereotypes and cognitive bias or provide increased mentoring and leadership for employees is up for debate. Both processes likely occur.

Several studies have found a link between the gender composition of management and inequality outcomes. Carrington & Troske (1998) documented greater external hiring of female nonmanagerial employees when management was composed of a higher female share. Hultin & Szulkin (2003) show declines in the gender wage gap in Swedish workplaces with a higher proportion of female managers. In a study using longitudinal data on managerial workers at 333 savings and loan banks in California, Cohen et al. (1998) find that women were more likely to be promoted and recruited into a managerial job level when a higher proportion of women were already there. Kurtulis & Tomaskovic-Devey (2009) produced a similar finding for a general population of firms and further show that the influence of current white female managers is considerably stronger than that of nonwhite female managers on future group access to managerial roles. Dobbin et al. (2009a) find that executives are more likely to adopt diversity programs when they have higher proportions of white women in management who push for these programs.[1] In contrast, Blau & DeVaro (2007) provide no evidence of this type of relationship in their research using the Multi-City Study of Urban Inequality. The latter study did not, however, have longitudinal workplace data, whereas the former had dynamic organizational observations of actual managerial composition.

[1]They also find that firms with no white women managers are more likely than firms with a token few to adopt equal opportunity measures, a pattern consistent with symbolic compliance with equal opportunity expectations in the law.

Human Resource Professionals

Research suggests that human resource professionals can be quite influential in altering organizational practices and the allocation of organizational resources. Collins's (1997) study of black corporate executives in Chicago shows a direct relationship between civil rights–related protest and fear of government regulation and the hiring of black human resource and community relations managers. Once hired, they became voices for further change in their workplaces. Her research also suggests that once the pressure in the environment faded so did their power and careers. Dobbin's (2009) comprehensive study of the HRM profession over the past 40 years shows the central role of these managers as a profession in interpreting the legal and managerial practices that would signal good faith efforts at compliance with equal opportunity demands. Similar to Collins's findings for the early cohort of black executives in Chicago, Dobbin finds social movement and legal uncertainty to be a source of power for human resource professionals within their firms but demonstrates how they mobilized their power through professional projects that normatively sanctioned best practices. Dobbin is clear that these practices were not vetted as best but were largely recycled from earlier professional projects developed to manage unions.

ORGANIZATIONAL ENVIRONMENTS

Although the organization is the immediate context for inequality generation, organizational theory is clear that organizations are situated within, and organizational actors are responsive to, environmental contexts (Scott 2002). Institutional approaches argue that organizations are embedded within a context of legal rules and normative practices that push organizations in a field toward similar structures, routines, and practices (DiMaggio & Powell 1983, Meyer & Rowan 1977). Isomorphic practices result from organizations conforming to rules and regulations defined by powerful actors in their field of action (e.g., the state) or copying legitimate behavior of similar or high-prestige actors in their field. One area of the organizational inequality literature examines the variety of ways in which organizations interact with their external environments. Some of these lines of research focus on the role of relationships among organizations to one another, clients, the public, law, and regulatory agencies, as well as more diffuse normative pressures for change. Legitimacy provides organizations with acceptance, meaning, and credibility among their industry peers but also within legal, political, and public spheres (Suchman 1995). Below we highlight (*a*) coercive pressures affecting organizational behavior, (*b*) the normative demands on organizations, and (*c*) the mimetic processes operating within industries. Although in practice these processes are often interwoven, we discuss them separately for analytic clarity.[2]

Coercive Pressures

In some cases, organizations may be compelled to conform to demands or alter existing practices as a result of coercive pressure from powerful actors within their environment. This may occur because certain organizational forms or practices are viewed as legitimate by more powerful entities, which may force or persuade dependent organizations to comply. At the same time, actors that are relatively powerful in their institutional fields (e.g., industries or sectors) are more able to resist coercive pressures emanating from the environment (Pfeffer & Salancik 1978). Organizations are not autonomous units, but instead are constrained or enabled by asymmetric interdependencies with other organizations. These power relations become particularly evident when interdependency is paired with uncertainty in the ability to predict the actions of the more powerful organization.

Coercive pressures may present themselves in several ways. In the organizational inequality literature, one of the most common examples is found in discrimination lawsuits. It is argued that organizations often find it difficult to ignore strong, direct pressures from the legal environment, particularly when costs of noncompliance are high. Change may occur as organizations face the threat of monetary losses through settlements and awards, as well as through increased oversight and the loss of public and supplier support, which jeopardize legitimacy.

In much of the recent research on direct legal coercive pressures, an attempt has been made to refine our understanding of the extent to which organizations move beyond ceremonial changes to create both meaningful and sustained fair employment outcomes and opportunities. For example, Kalev & Dobbin (2006) examine the effects of federal compliance reviews and lawsuits on female and minority managerial representation across the 1970s, 1980s, and 1990s and find that compliance reviews act as a long-term change agent, whereas lawsuits are most effective in creating more egalitarian managerial ranks when experienced by employers more than once. Stainback (2009) examines sex segregation in private sector workplaces between 1966 and 2002 and finds that the rate of sex integration coincides with the aggressiveness of federal EEO regulatory agencies. This suggests that some forms of legal and regulatory pressure provide a stronger incentive to modify behavior and organizational routines than others. Skaggs (2008b, 2009), investigating the influence of sex and race employment class action discrimination lawsuit filings on managerial diversity in supermarkets, demonstrates the importance of

[2]We follow the literature and organize this section to make the distinction between coercive, normative, and mimetic isomorphism. However, in practice, and in this review, these three forces clearly overlap and intersect.

litigation for both short- and long-term change. In particular, Skaggs (2008b) finds that lawsuit filings and progressive court jurisdictions increase female managerial representation. Additionally, her recent study (Skaggs 2009) examining changes in African American access to management highlights the significance of racial discrimination lawsuit filings, in conjunction with federal court gender and racial diversity and state political ideology in creating both initial and lasting changes in managerial diversity. Through these direct and coercive forms of pressure, employers are compelled to alter behavior in ways that are consistent with institutional rules and expectations. As Skaggs (2009) notes, when organizational behavior or routines are inconsistent with industry expectations, pressures from the legal environment seem to have the effect of creating similarity across an organizational field.

Coercive pressures may also occur in forms that are less direct and explicit. In such cases, organizations are presumed to conform to institutionalized cultural expectations that prevail within a given industry as a way to gain legitimacy and preemptively defend against lawsuits and compliance reviews. This could explain how indirect pressures related to shifts in societal, legal, or political norms alter organizational behaviors and routines associated with sex- and race/ethnic-segregated jobs, occupations, and workplaces. One prominent line of research sees the institutionalization of EEO policies as primarily a ceremonial response to legal and regulatory threats (e.g., Dobbin & Sutton 1998, Edelman 1992).

A less common approach to coercive environments could focus on identifying environmental selection mechanisms. Becker's (1971) theoretical work on the high cost of "tastes for discrimination" provides one example. In Becker's model, competition in product markets forces organizations to behave efficiently. Under this framework, discriminatory behavior tends to bid up the price of labor for discriminators, thus reducing the competitive efficiency of organizations and increasing organizational failure. Thus, organizations in competitive markets, with many buyers and sellers, will be most likely to pursue equal opportunity practices. Reskin & McBrier (2000) find high market competition to be associated with more women in management. Similarly, McTague et al. (2009) find that competition reduces sex segregation, but they do not find competition to be associated with black-white integration.

In contrast to the competitive market model, past research has typically found more status inequality in the private sector than in the public sector (Tomaskovic-Devey & Skaggs 1999b, Volscho & Fullerton 2005, Wilson 1997, Wilson et al. 1999). Phillips & Sørensen (2003), in a longitudinal study of television stations, find that the greater the firm's market power, the less likely it is to use promotions to induce employee productivity. Thus, market power is a bargaining chip the firm can use for internal negotiations. Tomaskovic-Devey et al. (2009) find that in more competitive product markets, within-workplace inequality is more likely to be allocated along the lines of skill and education than of gender. Similarly, Cao (2001) finds that Chinese firms exposed to market competition are more likely to use education rather than party membership to allocate promotions. Thus, it is not necessarily the level of inequality but rather the basis on which income is distributed that might be influenced by product market competition.

From a population ecology perspective, environments select organizational forms that are most compatible with environmental characteristics (Hannan & Freeman 1984). Rather than viewing environments as change agents per se, emphasis is placed on organizational survival and death based on environmental fit. Bygren & Kumlin (2005), in a study of Swedish workplaces, find that firm sex segregation is strongly influenced by societal-level sex segregation for the occupations from which the firm recruits. Smith-Doerr (2004) suggests that the advantage of women scientists during the emergence of the biotechnology sector was produced by the confluence of two factors: the increased supply of women with PhDs and the enduring sex discrimination in the academy.

Thus, women scientists were an environmental resource for this emerging knowledge-intensive industry. Sørensen & Sorensen (2007) examine local labor market inequality using Danish organizational data to show that increased environmental heterogeneity within and between industries influences the level of local labor market inequality. They see the mechanism as firm competition for variously skilled levels of labor.

If regulatory or normative environments within a given organizational field strongly favor EEO practices or very high levels of executive compensation, we would expect higher death rates among organizations with low levels of relative opportunity for female and minority employees or modestly paid executives. We know of no research that has examined this proposition directly, but it seems a promising avenue for future research. As a hypothesis, it has the advantage of making clear when environmental selection is actually occurring and when it is merely an ideology supporting the appropriation of resources (e.g., executive compensation surges; see DiPrete et al. 2009) or power (e.g., HRM administrators' growing influence as a result of EEO pressures; see Dobbin 2009) within organizations.

The two environmental selection mechanisms discussed above postulate two different underlying processes: competition and legitimacy. Although we are unaware of any studies focusing on the birth and death of organizations and the implication of this process on macro patterns of racial and gender inequality at work, Herring's (2009) analysis of the effects of firms' race and sex composition on financial performance provides some insight. From a competitive standpoint, firms that seek the best talent rather than indulging "tastes for discrimination" (Becker 1971) should be more diverse, as hiring decisions shift away from ascriptive criteria. Indeed, Herring's cross-sectional results indicate that greater diversity is associated with better financial performance among a random sample of for-profit U.S. firms. Although one may reasonably believe that diversity may enhance firm performance owing to the diversity of ideas and problem-solving strategies it brings, it is also probable that more profitable organizations increase their workforce diversity in the process of seeking legitimacy. The organizational selection perspectives described here are among the least developed in studies of organizations, inequality, and diversity. We encourage scholars to develop this important and largely neglected area of research.

Normative Context

Organizations may be affected by the normative environment operating within their institutional field or industry. Standards for operation are likely to follow prevailing rules, beliefs, and customs that have been deemed legitimate. Pressures to initially establish certain structures and practices may arise from such sources as the state, public opinion, or professional organizations. Workplace diversity in personnel tends to reflect a more general set of established norms rather than follow a specific set of mandates from more powerful entities outside of institutional fields (e.g., EEO oversight agencies, courts). Some organizational scholars (Edelman 1990, Sutton et al. 1994) persuasively argue that external legal pressures have brought about change in personnel procedures by creating a normative environment in which legitimacy is based on fair governance. Recent research by Dobbin (2009) demonstrates the power of the HRM profession in developing, standardizing, and diffusing what would be seen as best practices. These HRM norms were then accepted by the courts and regulators as signals of corporate good intentions and as defenses against accusations of discrimination.

Although institutional fields are often examined in terms of industries, responses to environmental pressure may also follow along the lines of state and local politics, as well as federal court jurisdictions. Guthrie & Roth (1999a,b) examine how institutional uncertainty created through a court's interpretation of EEO laws and state-level statutes may create variation in organizational response to pressure for greater diversity in female leadership positions and in the institution of maternity leave policies. Their study (Guthrie & Roth 1999a) shows that organizations operating in more progressive federal circuit court jurisdictions are far more likely to have women in CEO positions than are organizations in more conservative jurisdictions. Additionally, results provide evidence of state-level effects on female leadership; organizations located in states with more explicit use of EEO language in their statutes are more likely to have a woman as CEO compared to those with fewer such statutes. Other research has demonstrated the importance of progressive federal court jurisdictions on women's increased access to managerial positions (Skaggs 2008b) and decreased occupational sex segregation (Hirsh 2009). Lastly, in their study of paid leave policies, Guthrie & Roth (1999b) find that progressive courts matter for an organization's adoption of paid maternity leave and that state-level discrimination laws referring specifically to marital status, pregnancy, or childbirth are more likely to offer paid sick leave. In general, this line of study suggests that institutional pressures from states and courts matter not so much because they create a direct threat to organizational legitimacy, but rather because they shape the culture and expectations of these environments.

Stainback and colleagues (2005, Stainback 2009) have examined normative pressures emanating from state and federal political environments on workplace inequality. In a study examining race desegregation in U.S. workplaces from 1966 to 2000, Stainback et al. (2005) find strong evidence that political eras, and the corresponding conditions that exist within historical periods, influence the pace of racial integration. They show employer response to EEO/AA laws to be strongest during the initial adoption and early enforcement periods, followed by declines across years. Additionally, the results point to changes in racial integration related to state-level adoption of EEO laws prior to the passage of the Civil Rights Act of 1964. This research also shows important links between patterns of workplace desegregation and the post–civil rights political environment. Most notable are the consistent declines found for sex segregation across time but a stalling of black-white desegregation during the 1980s marked by lower EEO/AA support from the Reagan administration. In contrast to accounts in which the law itself is seen as the driving force of change, this line of study underscores the importance of shifts in the political environment, including government decision making and leadership, court behavior, and even public support of such legislation.

Mimetic Processes

Isomorphic changes may also stem from mimetic processes in which organizations facing uncertainty alter or adopt behaviors and structural forms that are similar to existing organizations within their field (DiMaggio & Powell 1983). In this form, organizations tend to model themselves after other similar organizations they perceive to be legitimate. Change may be gradual and unintentional following environmental shifts such as variation in labor force supply and demand or may result from deliberate actions to incorporate new government mandates or implement fair employment initiatives that will enhance legitimacy.

When organizational fields are just beginning to take shape or when a new environmental pressure is introduced, we expect heterogeneity in organizational forms and practices as individual firms attempt to respond to uncertainty. When organizational actors are unsure of what action to take or what the consequences of that action will be, we can say that a state of uncertainty exists. Because of the lack of prescribed routines of action under a state of uncertainty, new environmental conditions are likely to produce a variety of innovative responses. However, as an emergent process taking place over time, solutions to the specific problem of uncertainty arise and tend to promote inertia. This social process develops because organizations are both other-regarding and seeking to stabilize their environments in an effort to reduce uncertainty. McTague et al. (2009) find that workplaces' sex- and race-segregation levels tend to follow the lead of dominant firms in their industry.

Dobbin & Sutton (1998) find that ambiguity of federal initiatives established to address unfair employment practices provided organizations with the opportunity to create their own strategies of personnel management largely based on market efficiency rather than on state mandates. As these scholars argue, the tendency has been for managers to adopt structures including personnel officers, departments, and training that are normatively expected but not legally dictated. Organizational actors come to develop a sort of amnesia about the underlying forces behind these structures, further obscuring the importance and strength of law and politics. Because pressures are more normative than coercive, organizations often respond by developing numerous strategies and remedies, many of which lack evidence of effectiveness in redressing discriminatory behavior and unequal outcomes (Dobbin & Kelly 2007). This begs the question of how influential general pressures are in creating substantive change in organizational behavior and routines, particularly when expectations are vague and remedies, once infiltrated into an industry or field, develop a taken-for-granted quality. Dobbin (2009) suggests that the HRM profession played a key role, adopting and adapting older union-oriented personnel tools to equal opportunity goals and diffusing these practices through leading firms; then, when the courts and the EEOC needed models for what good faith corporate compliance to civil rights laws was, these practices became the models that courts subsequently endorsed.

Some recent research, consistent with the idea of institutional isomorphism, suggests that equal opportunity workplace change is more strongly tied to pressures on organizational fields than to direct pressures on specific workplaces (Hirsh 2009, Kalev & Dobbin 2006, McTague et al. 2009, Skaggs 2008a). These studies highlight the need to focus not only on changing levels of inequality, but also on the amount of variation that exists within organizational fields. Gaining further understanding of the processes that produce isomorphism in these fields allows us to learn something about both inertia and change and to address fundamental questions about how social inequalities become institutionalized. In other words, this line of research tells us how systems of racial, gender, and class stratification are created, maintained, and changed.

Several studies have also provided evidence of mimetic isomorphic processes across industries. For example, Hirsh (2009) examines the effects of formal discrimination charges filed with the EEOC on segregation across the 1990s. She finds that formal charges had less of an effect on the accused firm than on the entire industry in which it was embedded. Hence, organizations paid attention to other actors in their field and changed as a result of the uncertainty spurred by the filing of formal discrimination charges. Similarly, in a study of sex and race segregation in U.S. workplaces, McTague et al. (2009) find greater homogeneity in segregation practices when firms are located in industries with higher percentages of federal contractors. This suggests that pressures related to AA mandates create change in firm behavior largely through the diffusion of practices, routines, and policies that proliferate across industries. They further point to a trend toward similarity in within-industry race segregation, consistent with institutional accounts of isomorphic change processes. Findings by Skaggs (2008a), in a study examining changes in female and minority managerial representation, also support this type of industry-level effect for establishments indirectly influenced by legal pressures.

CONCLUSION AND FUTURE DIRECTIONS

We have used an organizational lens to highlight the generic organizational mechanisms that are likely to produce both stability and change in workplace inequalities. Stratification research has long focused on occupational structures as the key framework on which individual status-attainment processes are hung.

From an organizational perspective, this approach has always been misplaced. Occupations are clusters of similar jobs, abstracted from their organizational context. In focusing on national occupational structures, not only do the organizations that actually employ people become invisible, but so do their internal constituencies, practices, and politics, as well as their external historical, institutional, and market environments.

At the most abstract level, we see the institutional approach to organizations as fields of actors within cultural and market fields as a helpful way to think about these generic processes (Emirbayer & Johnson 2008). Workplaces contain technical and social divisions of labor (jobs, task groups, departments, etc.) that organize production and steer interaction. Organizations are embedded in cultural and competitive fields that generate models for action and resource constraints that imprint routines, differentially empower actors, and steer innovation. Actors react to these divisions of labor, often using cultural knowledge, status expectations, and prior experience to make claims on organizational resources (Tilly 1998, Tomaskovic-Devey et al. 2009). Such resources include classic inequality outcomes such as profits, earnings, authority, and promotions. They also include the less familiar, but perhaps no less consequential, interactional and experiential outcomes of autonomy, respect, bullying, discrimination, and harassment.

At a more practical empirical level, the literature reviewed here suggests that relational politics within workplaces can be seen as a proximate cause of inequality outcomes. The relative power of actors within organizations to make claims on organizational resources has long been present theoretically, if typically unobserved, in stratification research (e.g., Kalleberg et al. 1981, Wright 1997). Cognitive psychology (Fiske et al. 2002), status expectations (Ridgeway & Correll 2004), symbolic interactionism (Schwalbe et al. 2000), and social closure (Roscigno 2007) all point to categorical distinctions as the basis for generating inequality. The exciting development in the literature reviewed here is the increased attention to organizational settings and actors who populate them, thus making relative power not a post-hoc explanation but central to observational strategies.

Importantly, DiPrete et al. (2009), Dobbin (2009), and Tomaskovic-Devey et al. (2009) all show that the relative power of culturally legitimate actors (corporate executives, human resource managers, men, credentialed employees) can vary with the national, institutional, and market environment of the firm. Thus, we should expect that the agenda-setting power of internal constituencies is often conditioned by material and cultural resources in the organization's environment. Beckman & Phillips (2005), for instance, find that women are more likely to become partners in law firms when the firm's clients have women in prominent leadership positions (CEO, legal counsel, corporate board member). This effect strengthens as dependency on the client organization increases. Drawing on resource dependency and new institutional theory, they offer a bargaining power perspective in which the relative power of women attorneys is enhanced by exchange ties with organizations with visibly powerful women. We see such research as an important step in understanding how the contours of workplace inequality are shaped by the interrelationship between the relative power of internal constituencies and the organizational environment.

We see two types of research that should expand as the focus on organizational inequality becomes clearer. The first is the interactional mechanisms that produce divisions of labor, sort people into jobs, and allocate rewards. It is here that the relational process common to most theory is available for observation. Some of this research may be accomplished using experimental designs (e.g., Correll et al. 2007, Pager 2003), but more direct observation (e.g., Royster 2003) and historical case studies (e.g., Dobbin 2009) are clearly needed.

The second is the adaptation of conventional stratification statistical models to an organizational and relational observational strategy.

Once we start to focus on workplaces, we will find it necessary to adapt our observational strategies. In a conventional stratification or human capital model, the goal is to estimate the returns to education or the gender earnings gap for an entire nation. When we recognize the role of organizations as inequality-generating settings, it becomes clear that there are as many education returns or gender wage gaps as there are workplaces (Leicht 2008). An interesting application of this insight is to estimate the dispersion in coefficients for a standard human capital regression model across workplaces. Economists Abowd and colleagues (2006), using data on French workplaces with at least 200 sampled employees, report the dispersion of coefficients for starting wage and wage gains across thousands of workplaces. Starting wage, tenure, seniority, maleness, and even education significantly increase and decrease wages in different establishments. Abowd et al. are inventing an analytic strategy, but so far they lack a theoretical account of why there is such dramatic organizational variation in wage-setting regimes.

An organizational perspective on inequality suggests that a theoretical account should be built at the intersection of (*a*) organizational structure, logic, and practice; (*b*) the relative power of actors within workplaces; and (*c*) organization's institutional and competitive environments. A focus on organizational inequality allows us to bridge the typical subdisciplinary divides between analyses of cognition, interaction, inequality, and institutional history. This is a comparative intellectual advantage well worth embracing, with the potential for large scientific and practical payoffs.

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