

## Chapter Four

### THE GENDER WAGE GAP: THEORY AND POLICY

#### 4.1 Introduction

Chapters 2 and 3 presented a variety of statistics concerning some primary differences in various facets of New Zealand society. Results from Chapter 2 highlighted the fact that the educational make-up of the genders has changed considerably over the last 3 decades. Generally, this has been to the benefit of females. In turn, we have seen that the positive changes for females in education at various levels have crossed over into the occupational make-up of the New Zealand labour market as shown in Chapter 3. Females have made clear strides in entering male occupations, particularly between 1986-1996. However, during the same time periods, the predominantly 'female occupations' had not experienced any significant influx of males. Obviously, one can accept that differences still exist between the genders in education, occupation and earnings. Yet, what can be misleading is the notion that any differences in these areas between the genders mean that discriminatory practices are in place. This often leads to the automatic assumption that new or modified policies are needed to rectify such differences. Therefore, this chapter poses 2 broad questions. Firstly, what are the theoretical reasons for differences in wages between males and females? Secondly, what further policies, if any, are required to eliminate any differences in wages between the genders?

In Section 2.8.1 of Chapter 2, it was noted that students who enrolled in a subject that was dominated by the opposite gender tended to show the characteristics of that opposing gender. Therefore, it would be logical to assume that such characteristics would also be apparent in those employed in occupations that are predominantly occupied by the opposite gender. When discussing changes to the number of males and females in various occupations, what seems to be overlooked is what the end goal should be. Proponents of the view that the gender wage gap is due to discriminatory practices against females claim that earnings differences are linked to the segregation of the genders into various occupations. To what extent should the segregation of males and females diminish to achieve the objective of no wage differences between the genders? More importantly, would it be viable? Like educational programs, there may be a limit to the numbers who can be moved into occupations dominated by the other gender. Obviously, an upper limit in terms of numbers would vary greatly from one occupation to another. For example the goal of a 50 percent share between the genders in all occupations is unlikely to be attainable. This would mean equal numbers of males and females in the work force. Also, all occupations that were predominantly female would have to include a half share of males. Furthermore, if there are perceived

barriers to females wishing to enter 'male dominated' occupations, we should also consider the possibility of barriers to males wishing to enter 'female dominated' occupations.

It was mentioned previously that many feminists view the concentration of females in particular occupations as segregation and a prime reason for their lower wages. However, there are a variety of causes of earnings differences. These can be explained under 4 main headings. The first reason, discrimination, is based on negative attitudes towards females. The next 3 reasons: human capital; parental leave and family responsibilities; and compensating differentials propose that there are no negative attitudes towards females. Instead, they focus on the general differences that exist between the genders. It is to these 4 explanations that we now turn.

#### **4.2 Causes of Differences in Earnings: Discrimination**

According to the majority of feminist literature, the primary factor causing males to earn more than females is gender-based discrimination. Males receive higher earnings than females due to the adverse treatment females experience because of their gender. However, gender roles, both positive and negative, which can lead to discrimination, are placed on males as well as females. Although there tends to be more of an emphasis on the roles of females than males which many do not consider or investigate.

Overall, discrimination comes from various sectors and is exhibited in different forms. Albelda *et al.* (1997) outlined 3 general groups that might display some form of discrimination in the labour market: consumers; employers; and employees.

##### **4.2.1 Consumer Discrimination**

Consumer discrimination occurs when consumers refuse to buy goods and services made or sold by members of certain groups (p. 90). Albelda *et al.* noted 2 pre-existing conditions that needed to be met if consumer discrimination was to have any economic effects. The first was that consumers must know who is on the other end of the purchase. With predominantly female and male occupations, there are many occupations that provide goods or services where the workers are visible to the consumers, e.g. hairdressers, housestaff and beauticians for females; and bricklayers, plumbers and painters for males. However, the majority of the female dominated occupations are service based. Therefore, most consumers would be able to know which gender they were interacting with and may have the opportunity to discriminate. However, there may be discrimination by consumers against males who enter predominantly 'female occupations'. A consumer may view a female as the best person for the good or service provided. The second condition was that a sufficiently large group of consumers with enough buying power must have the same taste for discrimination. In New Zealand at least, examples of substantial groups of consumers collectively working together to discriminate against particular groups that sell goods or services do not appear to be prominent.

#### **4.2.2 Employer Discrimination**

Secondly, Albelda *et al.* pointed out that employers might display discriminatory practices if they employ one set of workers for lower wages than another group. Or, they may even refuse to hire a certain group of workers. The authors contended that if many employers within an industry have the same distaste for a certain group, that group's demand for labour would be low along with their wages. The results of this can be varied, from wage differentials, unemployment for the group, or even being crowded out and forced to enter other occupations. Unlike consumer discrimination, employers are at an advantage of knowing who are producing their goods or services and with such information are in a stronger position to discriminate. However, the problem with employer discrimination as a result of unfair treatment towards a certain group is that like consumer discrimination, there has to be a concerted effort to exclude some groups from employment (p. 91). It seems doubtful whether in today's society there would be a concerted effort by a large group of employers to expel females in a job. This is especially considering the fact that most firms in New Zealand follow the requirements of Equal Employment Opportunities (EEO) legislation.

#### **4.2.3 Employee Discrimination**

Thirdly, Albelda *et al.* claimed employees might exhibit discrimination. Some employees may dislike working with other groups of employees and in turn prevent them from pursuing certain occupations. The underlying assumption with employee discrimination is that the discriminating employees must be willing to accept lower wages to make up for their lack of productivity. Therefore, the authors contended that from a profit viewpoint, there is no problem with employee discrimination. Goods and services would come into the market with the same price and quantity as they otherwise would have. However, the fact that there may be employees from other competing firms who do not discriminate may lead to a different outcome. Albelda *et al.* believed that employee discrimination could be wiped out through the actions of competitive markets by the creation of segregated workplaces. Thus equalising wages. However, there is doubt whether any country has truly competitive markets; New Zealand being no exception. It seems increasingly unrealistic in the current labour market to imagine employees accepting lower wages so that they could avoid working with certain groups.

The authors pointed out that inefficiency through employer discrimination would most likely occur through skill monopolies. Certain industries may refuse to train particular individuals. Furthermore, if there were already few of the group discriminated against currently working in the industry, inefficiency would result. In terms of a first stage effect, those who are not being discriminated against in the industry would not suffer from lower wages, as they are the only individuals available to be employed for the particular job. Beyond that, it would be difficult to predict the final outcome on the market of such discriminatory practices. Also, employer discrimination relies on the fact that skill monopolies actually exist (pp. 91-2). Chapter 2 showed that females are increasingly enrolling into various subjects at secondary school and courses at a tertiary level. Also, examples of sufficient numbers of people unwilling to instruct or teach certain groups would be difficult to identify. Overall, some employee discrimination

may be evident in particular cases. Nevertheless, it is unlikely that widespread instances seriously hamper opportunities for certain groups in specific occupations.

#### **4.2.4 Statistical Discrimination**

Apart from discrimination concerning consumers, employers and employees, Albelda *et al.* noted that attention has also been directed at the existence of statistical discrimination. Rational employers will utilise all forms of relevant information when deciding on the best person to employ. This may lead to generalisations that may disadvantage certain groups. For employers to make informed decisions, they may assess the employment histories of similarly skilled males and females that the firm has hired previously. Statistical discrimination can come in two forms. One way is to determine that on average, one group is more productive than another group (pp. 95-6). A common example is that some employer records may show previous female employees leaving work in their late twenties to raise children. As the prospective female employee may also leave the firm for the same reasons, the employer may be more inclined to choose a male for the position. This is because the male is viewed, statistically at least, as being less likely to leave for family responsibilities and therefore be more productive for the firm. Yet, statistical discrimination can disadvantage both males and females. Just as some employers may choose a male over a female with the same skills and experience for a position due to the possibility of her leaving the work force to raise children, such statistics may disadvantage males. A female may be considered suitable for a part-time service job with few prospects as she may want limited hours and be prepared to stay long term.

The other form of statistical discrimination Albelda *et al.* alluded to is when employers have less information about one group of prospective employees (pp. 95-6). A common example involving females is the fact that employers are unable to assess the competency of females who have re-entered the work force after a period of absence from the work force. Therefore, the male applicant's up to date employment history may provide an advantage over the female applicant, even though she may be more competent at the job than he is. However, a lack of information on prospective employees may mean less negative information about an individual, so an unknown element may be preferred. Also, females may find it easier than males to withdraw from and re-enter the work force. This is because a year out of the work force might be viewed less detrimentally than a year being unemployed. Therefore, there are a range of issues about the amount and accuracy of information and risks in the employment decision. Furthermore, employees may also engage in statistical discrimination. Prospective employees may only seek firms that are rated as good employers or are entered in the Fortune 500 listing. Smaller firms may provide better wages and working conditions but the prospective employee does not have sufficient information available to determine this.

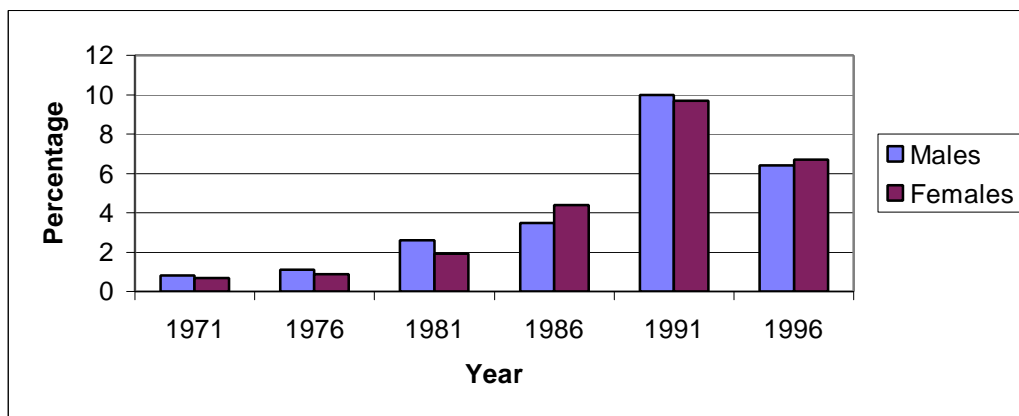
#### **4.2.5 Outcomes of Discrimination**

Albelda *et al.* noted 3 general outcomes that may occur from the inefficiency of discrimination in labour markets: lower wages; un- or underemployment; and occupational crowding (pp. 88-9). Relating these outcomes to discrimination towards

the female, lower wages occur when the options for the worker are limited. The employer can then exploit this opportunity by paying the prospective worker less for a job that they know the worker is interested in doing. However, this relies on the employer having a vast amount of information on the occupational interests of the applicant or general information on the applicant group.

Unemployment occurs when a worker is unable to obtain a job either in the industry the person wishes to work in or indeed in any other industry. Yet, various definitions of the unemployment rate along with a plethora of reasons why an individual is unemployed makes it difficult to conclude that females have been purposely unemployed due to discrimination and becomes a type of discouraged worker. If one were to solely use the census unemployment rates for males and females that is shown in Figure 4.2.1, it reveals that the difference between the unemployment rate for the genders has been minimal. Therefore, one may conclude that on this basis alone, discrimination may affect males to a similar degree as females when discussing unemployment.

**Figure 4.2.1: Unemployment Rate for Males and Females in New Zealand, 1971, 1976, 1981, 1986, 1991 and 1996**



Source: Statistics New Zealand, *New Zealand Census of Population and Dwellings, 1971-1996*.

Often, compromises have to be made in terms of hours employed. This may result in the female worker experiencing underemployment, whereby she works part-time but would rather work in a full-time position. Therefore, she is in an occupation where her skills, abilities or preferred working hours are not completely utilised. In New Zealand at least, it is now males who are increasingly finding themselves entering part-time work, due to the absence of sufficient full-time occupations for their chosen occupation.

Occupational crowding occurs when women are intentionally segregated into particular occupations. It is argued that females are corralled into low-paid work, which are often described as '*pink ghettos*' (Loney, 1990, p. 2). Those who believe discrimination towards females exists in the labour market contest that this crowding may be

involuntary and inefficient. In this situation, as females are unable to attain promotions and are repeatedly turned down for jobs in other industries, the supply of females in particular occupations increases. This may lead to a fall in wages. However, data from Sections 3.5 and 3.6 in Chapter 3 showed that the level of horizontal and vertical segregation has continued to decline in New Zealand. Therefore, many females are attaining jobs in 'male occupations' and are receiving promotions in greater numbers.

Overall, various forms of discrimination as an explanation for differences in earnings between the genders may be a dubious answer to why females are concentrated in few occupations, which tend to pay lower wages. Too many conditions often need to be met for the notion of discrimination to provide a sufficient explanation of earnings differences. The basis for discrimination seems to depend heavily on the collective acts of consumers, employers and employees. Also, discrimination against females can equally be directed against males. There are many conditions required to be met for discrimination to occur. Also, the likelihood of the factors that contribute toward discrimination seems increasingly questionable in the current labour market. Therefore, other explanations need and have been put forward in explaining earnings differences.

One such alternative explanation relates to the issue of occupational crowding which was discussed above. Borjas (1996) claimed that occupational crowding may not be borne out of "*discrimination by male employers, but may simply be the result of a social climate in which young women are taught that some occupations "are not for girls," and are channelled into more "appropriate" jobs*" (pp. 349-50). The same situation applies with males who may be taught that there are particular occupations that they should and should not enter. This relates to the wider issue of human capital theory whereby it provides a model for a supply-side explanation of why women rationally choose certain occupations and avoid others. Hence, it is important to consider human capital theory as an explanation of differences in earnings between the genders.

### **4.3 Causes of Differences in Earnings: Human Capital**

All workers enter the labour market with a unique set of abilities and acquired skills, commonly referred to as human capital. Generally, the more human capital an individual acquires, the higher paying range of occupations the individual can enter. Differences in the type of human capital have been one of the explanations put forward for differences in the wage levels of males and females. Borjas (1996) summed up this view by stating that "*Although there is still disagreement over the extent to which the human capital story explains the gender wage gap, it is now widely accepted that differences in human capital accumulation between man and women do matter*" (p. 349).

Generally, there are two types of human capital: general and specific human capital. General human capital relates to the type of capital that, once acquired, is equally useful in all other occupations. Specific human capital relates to the type of capital that is valuable only to the firm that the worker is involved with and cannot be transferred

to other firms. The mix of human capital often differs between occupations. Also, males and females tend to have different mixes of general and specific human capital. This in turn may generate different rates of return on their stocks of human capital.

#### **4.3.1 Human Capital: Formal Education**

One of the most common forms of human capital is formal education. A general misconception outlined in Chapter 1 was that males attained more formal education than females. Currently, females in general tend to attain higher levels of general human capital than males, though this has only developed during this decade. Moreover, human capital theory helps explain the positive relationship between education and earnings that has shown to be more beneficial to females. Jacobsen (1998) highlighted studies into the median income ratio for college graduates to high school graduates in the U.S. for the ages 25-34 between 1967-1995. The author concluded that females received a greater relative premium than their male counterparts during this time period. However, Jacobsen conceded that such differences might be due to innate productivity differences between the genders, along with the relative supply and demand of tertiary graduates (p. 244).

Statistics New Zealand (1999) noted that the difference between the median earnings of males and females was the most pronounced for those holding a tertiary degree. This difference favoured males. Therefore, gains from tertiary education would be more for males than females. The median income for those females with either a bachelor degree or higher in full-time employment was \$34,600, compared with \$20,300 for those females without qualifications. Interestingly, the median income in this case for full-time employed females was only 71.1 percent of that of males in 1996 (*ibid.*, p. 78). However, this is not surprising considering that until recently, males were more inclined to attain some type of university degree. Therefore, there would be a larger number of males who would have more years of work experience than females, and thus be able to command higher wages. More important was the fact that the median income ratio was considerably higher than the ratio in 1991 which stood at 58.2 percent (*ibid.*, p. 78).

#### **4.3.2 Human Capital: Occupational Training**

As males are generally involved in occupations that require more specific capital training, and females are more inclined to be in occupations that involve more general capital training, this may continue to disadvantage males. As females tend to have more general human capital, their skills are more transferable to a wider range of occupations and in many cases do not need specific training that many males do in a new job. It was noted in Section 3.7 of Chapter 3 that for many males involved in the industrial sector, their specialist training might have hindered them from moving horizontally into other occupations. This has been the experience of many male workers in the New Zealand economy during the 1990s, where unemployment has affected those workers who have been involved in the industrial sector.

Also, Table 3.1.1 in Section 3.1 of Chapter 3 showed that more females were involved in part-time employment than males. In turn, the amount of human capital that workers

would attain in either full-time or part-time employment would differ. As part-time employees work fewer hours they would acquire less work experience. Therefore, less human capital may be obtained. However, continually larger numbers of males entering part-time activities, as has been evident in New Zealand over the last decade, may lead to many males and females having similar levels of human capital.

A further way in which an individual can acquire human capital through on-the-job training is a formal apprenticeship program or an informal situation set up by the employer. Changing working conditions in recent years has meant that formal apprenticeships are not provided in the same numbers as they were over the previous decades. Currently, it is more common for some type of ongoing, informal training process to be available for new employees.

Jacobsen (1998) summed up the effect of on-the-job training by stating that *'The prediction is that jobs that provide training will pay less than jobs that do not, all else equal, because part of the value of the job is the value of the human capital which accrues to the worker'* (p. 245). As males are more involved with acquiring specific human capital than females, a large proportion of males may receive a lower wage level than females in similar positions. However, the male receiving low pay is only a short-term phenomenon. Over time, wages become steeper for those occupations that require specific human capital training. Often, a premium can be paid which does not have to be much over what is paid elsewhere to entice the worker to stay. This is because employers may want the worker to stay so that the employer can receive the return on their investment in human capital. However, the worker who acquired specific human capital would not find his skills transferable with most jobs the chances of moving onto another job would be less than those with general human capital skills. Therefore, those who received only general human capital skills may be more likely to leave than those who received specialist training. Obviously, an employer can average out their wage costs by paying wages under their marginal product during training and then paying wages above their previous marginal product after training has been completed. By doing this the firm passes on all or part of the costs and returns of training to the worker. Also, receiving on-the-job training along with formal education provides the opportunity for workers to be in a better position to turn on-the-job experience into human capital, or to enter into further occupations. Therefore, the additional human capital acquired leads to higher wages over the profile of the job (ibid., pp. 245-6).

#### **4.3.3 Interruptions to Acquisition of Human Capital**

Clearly, the different types of capital that both genders obtain are related to the priorities that they place in and outside of the workplace. Jacobsen summarised this point by noting that males were more likely to invest in human capital that had a high return in wages but had little increase in satisfaction. One example could be the role of school principal which has predominantly been a male position; whereby the male decides to take up this role which provides him with a higher wage yet leads to more responsibility, longer hours of work and more stress. Females, on the other hand, were more likely to have invested in human capital that had a high non-market return and that increased satisfaction with time spent in market work. Whilst males and females



invest in different forms of human capital, many females also have a period where they do not acquire human capital that is generally recognised. These are generally times involving child rearing. Discontinuity in female's involvement in the labour market is a strong justification for differences in wages between the genders. This explanation is often referred to as the Mincer-Polachek Hypothesis.<sup>1</sup>

Borjas (1996) noted two reasons why the Mincer-Polachek hypothesis suggested that the interruption in the female labour supply lead to a difference in the wage level between the genders. Firstly, men are able to acquire more human capital, as they generally do not leave the work force for other responsibilities to the same extent as females. Secondly, as the female spends time raising children, her skills tend to depreciate (p. 348). Various studies have focussed on whether wages recover to the extent of being level with those who did not exit the work force for a period of time. Mincer and Ofek (1982) hypothesised that a 'rebound' effect would occur in terms of earnings for females re-entering the work-force. However, others disagree.

Stratton (1995) found that 3 years from re-entering the work force, females who did exit the work force for a period of time did not experience any significant wage depreciation. However, females who found that their wages were lower than expected were more likely to re-exit the work force. Thus, only those who were high-earners stayed in the work force. Mason (1998) found from a survey of New Zealand employers that there was generally a positive attitude towards re-entering females. However, many of these employers recognised the skills acquired in the home and community but failed to relate these abilities obtained to their relevance in the work place. Jacobsen and Levin (1995) concluded that whilst there was some evidence of the 'rebound' theory, the wages of females who took leave from work never really caught up to the wages of females who never left the work-force. The authors found that at a 10 percent significance level, females who took leave from the work-force around 20 years earlier still earned between 5-7 percent less than those females who had comparable levels of experience, and did not take leave from the labour market (p. 18). Furthermore, the authors argued that the discrepancy in wages between those females who had previously left the work-force for other commitments and those who remained throughout, was that employers considered periods out of the work-force as a signal of less dedication to the job.

In the U.S., Shapiro and Mott (1994) found that females with a strong attachment to paid work, and who managed to retain their ties to employment, minimised the effects of being away from the work-force. In Britain, Waldfogel (1995) provided results for females re-entering the work force that returned to their original employers after childbirth and found they earned higher wages than other mothers did. The authors argued that this may have been due to such females being perceived as committed and were therefore more likely to advance in the labour market. Thus, it may have more to do with the attitude of the employee towards their occupation, rather than discriminatory practises towards females by their employers.

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<sup>1</sup> Mincer and Polachek, *'Family Investments in Human Capital: Earnings of Women'*.

The general belief is that the costs of parental leave fall more heavily on the female. Others disagree. Stafford and Sundström (1994) found that after a year out of paid work, parental leave resulted in a cost of earnings of 1.7 percent for females and 5.2 percent for males in the years immediately following this leave (Galtry and Callister, 1995, p. 42). Also, Sandqvist (1987) found that white-collar fathers experienced their parental leave more positively than blue-collar fathers; white-collar males overall had a more liberal view to parental leave than blue-collar males and were therefore more willing to take it (Galtry and Callister, 1995, p. 42).

Overall, there are various studies into the belief that human capital differences are one of the reasons why there are differences in the earnings between the genders. In terms of formal education, males have traditionally acquired higher qualifications than females at both a secondary and tertiary level. The situation has reversed but this has only occurred during the last decade. Therefore, for the majority of the current work force, males have better qualifications than females. In terms of on-the-job-training, various studies found that males were more likely than females to acquire some form of training such as apprenticeships. Section 2.8.1 in Chapter 2 highlighted the findings of the NLS (Goldin, 1990) and Shaw and Shapiro (1987). This compared the actual labour force attachment of older females with younger females preferences for future labour force participation. The studies found that a large percentage of females underestimated the time they would remain in the labour force. Therefore, many females would also have under-invested in not only formal education but also on-the-job training.

#### **4.3.4 Competing Forms of Human Capital in the Work Place: Baragwanath Interview**

Given the differences in the level of human capital that males and females generally attain, one would expect that in many instances, the male would be preferred in certain positions. This is due to the fact that human capital provides a measure of the knowledge of each potential employee. Recently however, the use of qualifications and experience have been down-played somewhat in favour of a very subjective means of job selection by asserting the level of potential a prospective employee may have. Here, the New Zealand legal profession provides a glaring example of the extreme and potentially negative and discriminatory effects that this may have on males applying for such positions.

During a radio interview for 'Top O' the Morning' with Brian Edwards (1998), president of the New Zealand Law Commission, David Baragwanath QC indicated that the choice of female students to enter the legal profession was often positively correlated to the appointment of a female in a top academic position. There is no doubting the benefit in terms of female students being encouraged to pursue a career in any occupation if they observe other females advancing to the highest levels in their profession. What are disputable are the grounds on which they obtain the job. Baragwanath indicated that what needed to be taken into consideration when appointing top academic positions was not only the interests of the student but also the interests of the wider community. He argued the decision on who to appoint should

also include the potential that the prospective employee portrayed. Baragwanath cited an example of two people competing for a position whereby the male had years of work experience whilst the female did not. However, the female had the capacity to perform equally to the male. In terms of society's interests, he asserted that preference should go towards the female receiving the job.

Instead of choosing an established criterion for appointing a person, people such as Baragwanath have advocated a subjective approach where the choice of an employee may come down to a 'feeling' that the employer may get from the interview. This is problematic if the employer finds him-herself incorrect about the new employee's potential. Obviously, this is a strong indication that reverse discrimination would be evident if such criteria were used. Thus, from society's viewpoint, we would be no better off.

The idea that human capital can depreciate underscores the importance of continuity in the work history of an employee. Often, employers do not realise the possible gains that they can achieve by hiring employees who have undergone a variety of experiences, both inside and outside the working environment. Such outside experiences for females can involve family responsibilities and child-care. Discontinuity in their working life due to these responsibilities goes a long way towards explaining the levels of human capital both genders attain. Also, as both genders may take time out of the work force for parental leave, this issue requires attention and discussion. Therefore, issues of parental leave and family responsibilities are explored below.

#### **4.4 Cause of Differences in Earnings: Parental Leave and Family Responsibilities**

Parental leave and family responsibilities, as one cause of the difference in earnings between the genders, encompasses a broad range of issues that need to be discussed. Females often have to choose between a career to pursue or a child to care for. Schwartz (1989) was the first to conclude that there were two categories of female employees; one that was the 'career-primary' female and the other that was the 'career-and-family' female. She argued that they should be treated differently by their firm. Certainly, there would be some females who make the decision to remain in the workforce for a specific period of time, whilst others have decided to remain for a lengthy period of time. However, there may be problems in classifying female workers into such categories. For example, some female workers may decide to change their focus due to outside factors in the future. Nevertheless, the author pointed out that, overall, the cost of employing females in management would be greater than the cost of employing males. She documented that "*This is a jarring statement, partly because it is true, but mostly because it is something people are reluctant to talk about*" (p. 65). This seems to be a problem that is endemic when gender issues involving occupations and earnings are discussed. Also, whilst females may leave their job to raise a family, some males may also decide to remain in the workforce for a specific period of time. Males may leave their jobs for reasons such as travel, education or simply a change of occupation.

Hyman (1994) claimed that females experienced a 'double burden' of paid work and unpaid work whilst males only had the burden of paid work. Yet, Birks (1995) noted that there was no attempt at quantifying such a generalisation as "*the measurement of relative contributions is complex*" (p. 106). Habgood (1992) also contended that the idea of sharing such responsibilities was very subjective. She asked whether sharing meant 50:50 of everything. Also, whether it was one, some, or all attributes such as time, effort and skill that lead to equivalence in the various tasks performed by males and females.

The option of part-time or full-time work is one possible avenue in which to examine choices males and females make between paid and unpaid work. Females with children often prefer part-time work as a way of looking after their offspring and remaining in the work force. Part-time employment may be viewed by some as an inferior alternative to full-time work, mainly from a financial viewpoint. This may be correct in many instances, but the option of part-time work provides females with greater ability to spend time on other responsibilities than work. Gendall (1997) conducted a survey in which one of the questions was "*Suppose you could decide on your work situation at present. Which of the following would you prefer?*" From a valid sample number of 528 males and 598 females, it was found that 76.9 percent of males preferred a full-time job compared with only 45.2 percent of females. Only 15.7 percent of males preferred part-time work compared with 41.3 percent of females. Also, more females preferred to work less than ten hours per week or no paid job at all (13.6 percent for females compared with 7.4 percent for males). Not only does this data go against the notion that females are pushed into part-time work, but it also illustrates that the priorities of females seem to be very different than males. It appears that many females have other responsibilities that they are willing to spend time on. Also, there is the question of whether similar numbers of males in comparison with females are 'allowed' the part-time option of work.

#### **4.4.1 Family Responsibilities: Gendall (1997) Survey**

There is no doubting that unpaid work is important to society. However, to generalise that it is females who suffer from a 'double-burden' is misleading. Just because more males want to work longer hours does not mean that this is an option they prefer to domestic duties. For many males, working longer hours is a necessity rather than an option. Gendall found little difference between the genders in terms of those wanting to spend more time on household and family responsibilities. They asked the question "*If you could change the amount of time you spend doing household work, would you spend much more/a bit more/same/a bit less/much less time or can't choose/doesn't apply*". From a sample number of 530 males and 593 females, only 12.3 percent of males and 10.9 percent of females wanted 'much more time' and 'a bit more time' spent on household activities. However, around 65 percent of males and females wanted 'much more time' and 'a bit more time' spent with their family.

This raises the issue of what studies should focus on, but often do not, when evaluating data. Kirkwood (1998) claimed that "*What may be of more interest here is not further quantification of the differences in hours worked between the sexes but rather attempts*

*to explore the reasons why women work less hours than men in all occupations”* (p. 10). Emphasis has been placed so heavily on the fact that females are perceived to suffer from a ‘double-burden’ that little attention has been given to male involvement in paid and unpaid work. Therefore, it is important to consider why males work more hours instead of why females work less (ibid, p. 15). One possible answer is the view that the male is expected to be the main breadwinner in the household. Generally, the majority of societies have viewed the male as the main earner in a marriage or relationship. There is no doubt that this view is changing considerably in recent decades, but for many males this presents a dilemma. Many would wish to spend more time looking after and being with their children but are faced with the attitude that providing monetary support is their main contribution.

That the male is required to be the main monetary provider for a family leads to a wider problem. It is interesting that many feminists are trying to rid society of many female stereotypes, yet they often promote many themselves. In other words, objecting to different treatment between males and females whilst also creating differences between the genders. A noticeable stereotype emerging in relation to the description of child-care is the assumption that only mothers wish to raise and care for the child. If complete equality between the genders in all areas of society is an objective, then equality should also mean that males have the same opportunity concerning parental leave. Yet, in many instances the father is overlooked. This may reinforce the impression that it is females who are labelled as the primary parent. Certainly, if we are going to take the view of equality for all, males should have just as much right as females concerning parental leave.

Galtry and Callister (1995) pointed out that in New Zealand “*equality issues in the workplace have not been in general, strongly connected to debates about equalities in the home*” (p. 48). While in most societies there has been considerable focus on encouraging women to seek equality with men in paid work, there has been little focus on encouraging equality in unpaid work, particularly caring for babies. Habgood (1992) noted that there appeared to be pressures on men in the workplace not to be a caring man. Males were not expected to show any feelings or emotions, which Galtry and Callister (1995) concluded would work against males taking parental leave in New Zealand. Some countries, such as Finland, had successfully encompassed males in their parental leave policies. However, other countries such as Sweden have found such policies relatively unsuccessful. Whether New Zealand embraces the right of males to have parental leave on the same scale as females is questionable, given the attitudes outlined above. The effectiveness of any policies introduced may vary across countries, given that the make-up of society in each country is often very different. Therefore, caution needs to be taken with issues such as equality, as an effective policy in one country may create problems in another.

A misconception that has often occurred has been that parental leave is viewed as simply being related to maternity leave. Galtry and Callister (1995) found that in New Zealand, fathers’ hours of paid work varied little by the age of the child. For Australia, Bittman (1991) found that hours spent by fathers in paid employment were the longest

when the children were very young. However, in Sweden Näsman (1990) found those males with very young children worked the shortest hours and often took shift work in order to spend more time with their children (Galtry and Callister, 1995, p. 105). Notwithstanding, the European Commission (1994) found that the most important factor influencing fathers taking up parental leave seems to be having a highly educated partner (Galtry and Callister, 1995, p. 42). As Section 2.8 in Chapter 2 showed ever increasing numbers of females obtaining some type of tertiary qualification, it appears increasingly important that the male perspective in parental leave and responsibility is given consideration.

#### **4.4.2 Family Responsibilities: Wilson (1999) Article**

Specifically looking at the New Zealand labour market, the debate over parental leave and responsibilities and females in the work place has provided some interesting viewpoints, highlighting the fact that family responsibilities encompass a broader range of issues. Wilson (1999) contended that there was still a disparity between the number of male and female partners in the law profession. In terms of an explanation, Wilson highlighted a differing perspective on the argument that females do not seek top positions and heavy workloads, often due to the perception of their inability to cope with such pressures. She summed up the findings from a study in the U.S. that found males and females had different attitudes to their work in top business professions.<sup>2</sup> The study discovered that many female executives often left their jobs so that they were able to have greater control over their work and did not want their identities to only be defined by their achievements. As Wilson stated *“In other words they had decided that the corporate structure and values had been dehumanising and that their priorities had changed. They had proved they could do the job but the cost was too high”* (p. 5). Wilson noted that of the 414 partners in New Zealand law firms who were female, around one-third were in a solo partnership, compared with 28 percent for males. Also, 52 percent of female partners were in firms with one or two partners compared with 43 percent for males (p. 4).

Certainly, some occupations involve a high workload which in turn requires workers to put in a high number of hours each day; the legal profession being one of them. In turn, a high workload often places a strain on such workers, particularly for mothers who face the so called ‘double-burden’ of work commitments and outside commitments, such as family responsibilities which Hyman (1994) alluded to before. Yet, fathers also have the same ‘double-burden’. In many instances, fathers tend to give priority to work instead of family commitments due to a various reasons, such as the father viewing himself as the main provider or his employer being less understanding of their family commitments. Obviously, like males, the issue of the ‘double-burden’ poses a dilemma for mothers. Not only are mothers expected to provide sufficient time and care for her children but also to put in sufficient work-time. However, if too much emphasis is placed on work, others may see her as not living up to her responsibilities as a mother. Notably, the same conclusion may be reached with fathers who may be seen as not living up to his responsibilities by not providing

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<sup>2</sup> McKenna, E. P. (1997), When Work Doesn’t Work Anymore.

sufficient earnings for his family. Often, for mothers a compromise is found through part-time work.

However, Wilson (1999) asserted that as the work force was becoming more flexible, part-time and casual employees had become more common than full-time permanent staff. This in turn would decrease the employment security of the worker as Wilson asserted part-time work to be less secure than full-time work. (p. 3). As mothers were likely to take up such positions given their added responsibility of child-rearing, Wilson believed that larger numbers of females would be in a more tenuous working position than their male counterparts. Therefore, no matter what females do, they can still be viewed as being disadvantaged. It is questionable whether it is detrimental to those females in the legal profession who take on part-time work. As stated above, part-time work provides the ideal opportunity for those females who wish to spend time looking after their children but wish to continue their association with the work force. Thus, such females are able to avoid discontinuity in the labour market that may impede any advancement in their jobs.

Further to the issues of corporate structure and family responsibilities, Wilson claimed that females had to adjust to the male notion of what was required to succeed in the legal profession. Wilson pointed out that *“To participate fully and achieve within an existing system, women must don the cloak of male characteristics and adjust to the norms, practices and policies of the male experience that invade every crevice of the legal system and legal profession”* (p. 2). Concerning such a statement, one wonders whether males in predominantly ‘female occupations’ have to don the cloak of female characteristics. Furthermore, she added that *“If women want to succeed within the existing system they must become more of a “man” than the men with whom they work, or they must absorb the stress and make the compromises of the outsider living the life of an insider”* (p. 2). In a sense, the author saw the legal profession embracing the ideals of a ‘man’s world’ and had failed to embrace the notion of non-discriminatory practices and EEO in favour of females. Without question, some females with family responsibilities may find it difficult to contribute the same amount of effort into their work as their male counterparts. However, what seems dubious is that because males seem to be more committed to work longer hours, sacrifice more with other commitments and in turn become more competitive than females in obtaining promotions; that this should be seen as some type of defacto discrimination against females, where the hefty requirements of the profession proceed to exclude mothers from competing equally with males. Often, social pressures are felt by males as well as females through conforming to the notion that they must contribute outside of the home by providing sufficient income for the family. The same situation can apply with females who ‘have to’ accept responsibilities elsewhere such as in the home.

Furthermore, if policies were introduced for females with outside commitments to enhance their chances of advancement in their careers, would this be under the auspices of equality or special consideration? This leads to the question of whether people engaging female lawyers in such a situation would be less well served than those represented by male and female lawyers without outside commitments. One has to take

into account the female workers who choose to forgo motherhood. These females often indicate that they are willing to put in the same number of hours and level of commitment as men, hence earning their partnership under the same standards as their male colleagues. Therefore, we have to ask whether it be fair to concede advantages to those who choose motherhood, and a career, in obtaining partnerships to those who choose to concentrate only on their career. From a balanced viewpoint, many would answer no.

So far, human capital theory and issues of parental leave and family responsibilities help explain part of the reason for differences in the wages of males and females. Whilst formal education and on-the-job training varies between the genders, the types of occupations that males and females enter also vary. Specifically, it is often the conditions of an occupation that form a platform for the level of wages offered in a specific occupation. Higher wages are related to shunned occupations and lower wages for agreeable occupations. We shall now see that it is typically males who are involved in the former and females in the later when issues of compensating differentials are dealt with.

#### **4.5 Causes of Differences in Earnings: Compensating Differentials**

The difference between a higher wage in the dangerous or less desirable occupations and the lower wage in an occupation that is pleasant or has a good working environment is the compensating differential. Though Chapter 3 outlined that differences in occupations males and females typically enter into are becoming more blurred by each passing decade, there is still a marked difference when we compare the general conditions that males face in their working environment, compared with females. Filer (1985) found that for job characteristics, men rated jobs higher in terms of variety, autonomy, challenge, and applicability of skills. Also, their jobs were considered more hazardous and had a higher rate of job-related illness. Females preferred jobs that were higher in role clarity and had less physical effort, more supervision, better relations with co-workers, and more freedom to take time off work.

In many instances, males tend to have the most hazardous and unsanitary occupations that often have no opportunity of promotion, such as miners, quarrymen and forestry workers. Section 3.4 in Chapter 3 showed that the majority of males over the various time periods observed were employed in the category of production and related workers; transport equipment operators; and labourers. For females, the majority was employed in clerical working positions, which tended not to be labour intensive. Of the 7 broad occupational categories the workers who are categorised under production and related workers are often prone to the greatest risk of injury. In many cases, occupations in these categories can be very labour intensive and require physical strength. Interestingly, whilst the percentage of male workers in this category has declined from 47.0 percent in 1971 to 36.2 percent in 1996, the female percentage has almost halved from 18.9 percent in 1971 to 9.8 percent in 1996. Table 4.5.1 shows the number of fatal deaths and injuries suffered by workers in New Zealand in 1989/90. Males are certainly more prone to die or suffer injuries in the workplace. Also, these figures ignore many early deaths that occur for employees of predominantly male



occupations that involve minerals and chemicals. For example, miners and quarrymen who contract various work-related illnesses such as cancer and lung disease.

**Table 4.5.1: Work Fatalities and Injuries in the New Zealand Work-Force Financial Year 1989/90**

| <b>Category</b> | <b>Males</b> | <b>Females</b> |
|-----------------|--------------|----------------|
| Work Fatalities | 114          | 4              |
| Work Injuries   | 46415        | 12583          |

*Source: ACC, 1991.*

A natural assumption is that workers are risk adverse. However, some people may prefer to work in occupations where they are likely to become injured. In a sense, they receive satisfaction from the fact that they are in the process of testing their courage or enjoy the image that the job entails. It is not inconceivable that some persons might actually seek out jobs offering relatively high risk levels and that the wages in these jobs might actually be lower than average as a result of the high labour supply. The relative number of persons who are inclined to be interested in such occupations in an economy will influence the patterns of compensating differentials that occur.

Furthermore, Section 3.4 in Chapter 3 highlighted the fundamental differences between the types of occupation males and females have entered into over the last three decades. The majority of male dominated occupations tended to be performed outside, whilst female dominated occupations were typically performed inside. The other essential difference was the fact that female occupations were involved in caring and looking after others. Male occupations were primarily to perform tasks that were more impersonal. This difference emphasises a key reason why in the foreseeable future at least, females will not enter ‘male’ dominated occupations. There are occupations that males and females are more inclined to do. There is the argument that females have been guided into certain occupations and in recent years we have seen females contributing a larger percentage of the numbers in male dominated occupations. However, females, like males, have different occupational tastes. Also, as the percentage of females workers in some areas is high, it is necessarily low in others. The fact that females and males prefer to work in some areas and not others means that one cannot simply look at those areas where one gender does not usually enter and surmise that there is a problem.

Rhoads (1993) noted that the idea that the two genders had preferences for certain occupations might not be correct. Yet, subject preferences for males and females have been recognised at both the secondary and tertiary level of education. Therefore, it would be logical to assume that such preferences would transfer into the job market. Also, such differences in occupational tastes may revolve around ‘female occupations’ having non-monetary benefits. Often, flexibility to leave for short periods of time due to family commitments is a strong reason for many females to enter particular jobs.

Furthermore, Rhoads claimed that the non-monetary benefits of the predominantly female jobs meant that the differences in wages between the genders were overstated.

Habgood (1992) stated that “*Women tend to specialise more in the emotional ‘servicing’ of others*” (p. 111). Frequently, it is females who are better at dealing with the care of others, often referred to as a ‘bedside’ manner. This is not to say that males do not have an innate sense of caring and looking after others. It is just that the preference for looking after others that females have in these areas should be recognised and embraced and used to their full potential instead of the view that females should enter into predominantly ‘male occupations’. In recent years the perception of females as better able to provide care for others in greater numbers have been to their advantage whilst at the same time a disadvantage to males. Mark Wooden, for the National Institute of Labor Studies, noted in an article featured in the Adelaide Sunday Mail (1999) that the Australian workplace was experiencing significant change and that growth industries were those that required ‘soft skills’, typically provided by females. Wooden added that the stereotyping of females as being more apt at communicating and providing care benefited them in the growth of the service and aged-care industries. It is males who have become unable to adjust to the changing demands of work. He contended that a case of self-discrimination had developed. Many males viewed female dominated occupations as ‘women’s work’, often the prevailing attitude in many parts of society, and that it would be beneath them to take on such jobs. Thus, many males were missing out on employment opportunities.

Often, feminist literature has contended that the paid work force tends to only benefit males and disadvantages females. England (1992) claimed that the labour market was set up in more of a male context. Yet, there are occupations that males are often apprehensive of entering into such as kindergarten teachers, nannies and florists due to the negative attitudes some have concerning males entering such jobs. Habgood (1992) contended that “*If men are to be successful in the world of paid employment there are strong pressures on them not to develop, and to even reject the skills associated with the performance of emotional labour. At the same time demands made on women and the situation in which they find themselves, both in paid employment and in the home, encourage and reward the development of these skills*” (pp. 112-3). Therefore, the assertion that the labour market is set up to the advantage of males is questionable. Instead, there are areas of the labour market that advantage and disadvantage both genders.

Overall, there are a variety of reasons why males, on average, tend to receive higher wages than females. Other than the fact that there tends to be greater variability in females pay, it can be highlighted from the other explanations that have been outlined such as human capital, parental leave and family responsibilities and compensating differentials that all three are changing to the benefit of females. What we are experiencing in recent years is a reversal of these explanations, where males are now acquiring less capital, are becoming more involved with child-care and are not entering in occupations that are becoming more sought after. Despite this, many advocates for

those who believe females are being discriminated against in the labour market, both in New Zealand and overseas, have urged new legislation be introduced so that instances of discrimination towards females can be eradicated. Often, it has been more than just one type of legislation that has been proposed but rather a package of various policies. Much of the recent criticism of the perceived failure of females to earn the same as other males has been centred on the introduction of the ECA in 1991.

#### **4.6 The Employment Contracts Act (ECA)**

The ECA was introduced in New Zealand in May 1991. The EEA was replaced the previous year and the ECA was promoted by the then National government as a way to achieve pay equity. The principle ideology of the ECA was that a deregulated labour market was a better choice when compared with the inefficiencies of a regulated one. The ECA focus was on the 'freedom of contract', where earnings were decided between the employer and the employee. Since its inception, many observers of the status of females in the labour market have claimed that it has had a detrimental effect on the earnings of females and does not provide sufficient cover for cases of discrimination.

Boyd (1997) argued that the impact the ECA had on females was entirely negative. She stated that in 1990, females earned 82 percent of males' pay for the ordinary time hourly rate. At the end of 1996 this had decreased to 80.8 percent. However, Boyd is wrong on both counts. During the 4 times the female/male ratio for the ordinary time hourly rate was recorded in 1990, the highest value was 82.13 percent. At the end of 1996, the ratio was 81.98 percent (Statistics New Zealand, PC INFOS). Therefore, this represented a decrease of only 0.15 percent from 1990-1996, not 1.2 percent as Boyd indicated. In any case, by December of 1998, this ratio had increased to 83.7 percent (Statistics New Zealand, PC INFOS). Also, Boyd pointed out that in May 1991, the average male weekly wage was \$133 more than what females earned. By 1997, this had climbed to \$155 per week (p. 22). Yet, Boyd failed to point out that, regarding the difference in the average male and female weekly wage, the female/male ratio from 1990-1997 actually increased from 73.6 percent to 74.1 percent respectively. By 1998, it had increased further to 75 percent (Statistics New Zealand, Key Statistics, 1990, 1997, and 1998).

Despite these inaccuracies, Boyd (1997) attributed the negative impact the ECA had on females to three factors: structural inequality; collective contracts, and knowledge barriers.

##### **4.6.1 Structural Inequality**

Boyd noted that in May 1991, 74 percent of females in the work force worked in three sectors of the economy; retail business and financial services, and community services. Without giving a date, she outlined that this had risen to 77 percent (p. 22). Yet, data from PC INFOS (Statistics New Zealand) showed a far lower figure for 1999 with 46.1 percent of females employed in the industries of: wholesale and retail trade etc; finance and insurance; property and business service, and health and community services. Furthermore, the structure of employment since 1991 has been changing for the better

for females. Table 3.5.1 in Section 3.5 and Tables 3.6.2 and 3.6.3 in Section 3.6 of Chapter 3 showed that indices for horizontal and vertical segregation from 1991 to 1996 had all decreased. Table 3.4.2 in Section 3.4 of Chapter 3 showed that from 1971-1996, over the 7 main occupational classifications, females continued to enter predominantly male occupations. Furthermore, the percentage of females in the largest main occupation, clerical workers, had decreased from 1971 to 1996.

Boyd also asserted that there had been a rise in the number of females performing part-time work and concluded that this was “*bad news for women because it shows that since the introduction of the ECA the structure of employment is changing for the worse for women*” (p. 22). There has been increasing numbers of females entering part-time work. From 1991-1996, the number of females in part-time work increased by 41.4 percent. However, the number of male part-time workers had increased by 83.7 percent, more than double the percentage increase for females. Also, whilst the number of males involved in full-time work increased by 6 percent between 1991-1996, the number of females in full-time work increased by 13.8 percent (Statistics New Zealand, Census of Population and Dwellings, 1996).

#### **4.6.2 Collective Contracts**

The second factor Boyd outlined was that the majority of collective contracts females had did not have provision for penal rates. However, this does not take into account that both males and females are in occupations which are salary based and thus often find themselves ‘taking work home’ in order to meet their job objectives. There are also questions whether many females would find themselves in jobs that required a sizeable amount of overtime each week. Boyd did not indicate whether the occupations that those females were predominantly in attracted extra hours of work. Also, it would be questionable whether many females would want the extra hours of overtime. Therefore, to assume that the majority of females would be worse off because their contracts do not have penal rates is presumptuous.

#### **4.6.3 Knowledge Barriers**

Lastly, Boyd raised the issue of knowledge barriers. Under the ECA, employees were less likely to know the pay rates of other employees who were performing similar work. Only when contracts cover twenty or more people must a firm make a lodgement with the Department of Labour. Therefore, according to Boyd and also Hyman (1993), the inclusion of confidentiality clauses related to pay rates makes it easier for employers to disguise any inequalities in rates of pay. However, one cannot assume that such inequalities would only favour males. Certainly, confidentiality clauses may present employers with an opportunity to disguise any deliberate discrimination. Yet, if this were the case, we would see an increase in the difference in earnings between the genders from 1991 onwards. From the statistics outlined above, this has not been the case.

Hyman (1993) and Skiffington (1997) have provided similar sentiments to Boyd (1997) by contending that the ECA had not only failed to provide benefits for female employees but also had worsened the problem. However, in Boyd’s case at least, the

evidence is not convincing. Yet, despite the continuing progress that females have made in the work force, there are still calls for action to be taken. Many of those who believe females are disadvantaged and discriminated against, both in New Zealand and overseas, continue to lobby the government to intervene. Often, the form of intervention has been through the implementation of policies so that any perceived discrimination against females in the labour market is eliminated. Generally, two such policies have received the most attention and discussion. Firstly, affirmative action policies that affect the demand for labour. Secondly, comparable worth policies that affect the price of labour. Both will now be investigated.

#### **4.7 Affirmative Action Policies**

Affirmative action policies can take various forms and are set up to address any obvious imbalances that may exist in jobs, so that prospective employees are treated during employment without regard to their race, colour, religion, gender or nationality (Jacobsen, 1998, p. 231). Typically, such policies revolve around the introduction of legislation where 'target groups' are outlined who are considered susceptible to discrimination. Whilst affirmative action policies may promote minority groups into various jobs, there may be instances where such measures are taken to extremes.

Love (1993) summarised the justification for affirmative action into three overlapping groups: equality of opportunity; utilitarian justifications, and distributive justice. Yet, the author contended that only under the heading of distributive justice did affirmative action succeed as a policy. The author asserted that as equality of opportunity is basically focused on the individual, it is rather difficult to warrant the imposition of burdens on some in order for others to attain equality of opportunity. When addressing utilitarian justification, Love pointed out that for justification to succeed, the benefit to society of affirmative action must outweigh the costs, therefore yielding a greater good. However, she noted that the costs were many such as resentment among non-target groups over preferential treatment, and the reinforcement of the target group as being 'inferior' and 'special'. Often, the magnitude of these costs is greater than the benefits.

Love claimed that the model of distributive justice was a sufficient reason for the use of affirmative action policies. The model was justified if the benefits and burdens of society were unevenly spread throughout groups. Therefore, the author claimed that the model went beyond equality of opportunity as "*it is concerned with outcome as well as simply the ability to compete*" (p. 495). Love asserted that the focus of the distributive model was on a more just distribution of burdens and benefits. Because of this, the author believed that the best individual in terms of qualifications for a job would not necessarily get the job (p. 495). Also, past discrimination plays a role but not to the extent of compensation for past wrongs by penalising current generations. Overall, the author contended that the model's focus was on redistribution, not competition.

Furthermore, Love claimed that opposition to the introduction of affirmative action policies revolved around the issue of natural differences between the genders that seemed to have been raised at every step in the females' struggle for equality. She

countered this argument, by firstly stating that cultivation can change an individual. Cultivation certainly plays an important role in how an individual develops in society. However, there is still a certain level of inherent differences between males and females that cultivation in any form may be unable to totally change. Psychological studies outlined in Chapter 2 have touched on these differences in the educational sector. Love also noted that the increasing numbers of females entering predominantly male occupations proves the fallacy in the argument that males and females are naturally different. There is no doubting that more females are entering 'male' occupations, yet as concluded in Chapters 2 and 3, the numbers of females entering into subjects or occupations would most probably converge to a limit. In most instances, differences among females and males can mean that there are gender differences on average. However, there are often overlaps that exist between the genders. Also, another fact to consider is that the nature of occupations can change, perhaps due to skill levels increasing or decreasing which in turn leads to changing gender applicants for positions. Therefore, it may be a remote possibility for female workers to occupy half of the occupations strongly dominated by males, and vice versa.

To take the case of employee appointments at universities as an example, Love pointed out that if females received the same education as males but were not obtaining the same places at universities and other professions, then the characteristics of discrimination were exposed. Further, she claimed that the supposed diluting of academic and professional standards did not occur as affirmative action programmes required minimum qualification and equivalent performance once acceptance was gained. There has been some evidence that this has not always been the case.

#### **4.7.1 Affirmative Action: Canadian Evidence**

One such example has been at Canadian universities. An article in the Vancouver Sun (1999) noted that whilst merit was important when deciding on who to hire for the university faculty, the deciding factor often came down to gender, race or physical disability. Further, president of the Society for Academic Freedom and Scholarship, Doreen Kimura pointed out that studies indicated the proportion of female applicants hired for university positions in all fields was greater than the proportion of male applicants who obtained positions. She added that data suggested females had been over-hired at Canadian universities, where their percentages were higher than would have been anticipated from their representation in the relevant applicant pool.

Simon Fraser University executive director Gregg MacDonald stated that their position on the deliberate hiring of females over males was defensible if one believed there were social benefits in drawing more females into the area where few were currently employed. Then, he argued, it was an acceptable program. Yet, what would be the measurement of any social benefits that would accrue? A prospective female faculty member who is interested in a position within a department may apply because of her own personal interest to be there, not because she is influenced by the appearance of another female within the department. One has to ask whether the same rule would apply for males applying in university departments that were predominantly employed by females. The answer would probably be negative, as such actions would be deemed

discriminatory against females. Yet, clearly, this is no different from what has happened to females who are deemed to be fairly treated, by being promoted ahead of their male colleagues.

In the same article from the Vancouver Sun (1999), Sharon Kahn, a member of the University of British Columbia faculty, stated that her university had decided 10-15 years ago that around one-third of new tenure track hires should be females. This was because it was roughly the percentage of female PhD graduates in Canada at that time. Clearly, it is fallacious to argue that current university faculty positions for females should be set on the number of female PhD graduates enrolled 10-15 years ago. The same situation would apply with males. Yet, often with such cases, reason and commonsense tends to be put aside for the perceived benefits that such policies will accomplish for society. Andrew Irvine, a professor at the University of British Columbia, added that such goals diverted the attention from the real aim of universities, which is to promote knowledge.

Overall, the example of Canadian universities shows that affirmative action policies do lead to reverse discrimination. There is no doubt that females, like males, bring with them their own set of abilities and ways of contributing to the work place. But to hire on the notion of what someone may bring into a position, instead of what can visibly be determined through experience and qualifications, leads to more questions than answers.

One answer why a female with potential may be chosen ahead of a male with qualifications and experience is related to funding. The Vancouver Sun noted that in Canada, the federal government paid part of the salaries of newly appointed employees in particular universities. These part payments encompassed physics, astronomy and biological sciences departments, by the way of council awards, if females were hired. Furthermore, any large institution within Canada that bids on a federal contract worth \$200,000 or more requires an employment equity programme. There is no doubt that universities have become more profit driven in recent years. Yet, such policies compromise the position that universities should take to enhance the knowledge of students through appointing the best academic staff available. Also, the article pointed out that no Canadian University had been punished by a decrease or withdrawal of funding due to non-compliance of such programmes.

Whether the distributive model is a justifiable cause for the use of affirmative action as a policy is again dubious. Love (1993) admitted that the model on its own was not a remedy that could immediately be applied to affirmative action cases. Failure would occur if the connection between the past discrimination and the current disadvantage were unable to be made. The author admitted that affirmative action by itself was not the sole answer to eliminating any discrimination that may or may not exist in the labour market. This leads to a wider issue when considering such policies. Yet, she also alluded to the fact that any such policy set up under the heading of affirmative action requires detailed criteria and a complex structure.

This raises the question of how many conditions and exceptions would need to be placed on affirmative action programmes so that target groups are made better off whilst the effects on other groups are minimal? In essence, how complex would such policies need to be and are such policies possible? Love noted that the goals and aims of an economy continually change. Therefore, would the goals in the policy need to change as well? This would confuse matters further and those trying to comply would find it very perplexing. The author admitted that “*Affirmative action can and should be a carefully considered and justified attempt to balance rights in a way that is far more than just ‘reverse discrimination’*” (p. 499). It appears that in many countries where affirmative action has been implemented, this has already been the case. Overall, affirmative action policies require a complex structure that is prone to change within a short period of time. Love noted that “*Justification is the most important aspect of affirmative action*” (p. 492). Therein lies the problem with affirmative action in terms of females as a target group. Justification does not seem to be apparent.

An equally debatable and controversial policy that has been heavily pushed in recent years is the idea of comparable worth. Unlike affirmative action, comparable worth addresses differences in wages between the genders more directly. It is where we turn to next.

#### **4.8 Comparable Worth Policies**

Given its title, ‘comparable’ means that occupations are deemed to be alike through factors such as effort, responsibility, skill, or other dimensions valued by an organisation. There is a clear distinction between the discussion of comparable worth as a theory and as a policy. As a theory, Jacobsen (1998) stated that “*Comparable worth is the premise that job characteristics should receive equal returns, regardless of what job they are embodied in or who performs the job*” (p. 324). It postulates a link between job segregation and wage differentials. When wages for those occupations that are predominantly female and/or minority male are lower than wages in an occupation predominantly occupied by another group that in turn has an equal value to the employer, wage discrimination is implicated.

As a policy, Jacobsen noted that “*a comparable worth policy attempts to impose this criterion in some form in some compensation-setting environment*” (p. 324). In most instances, the type of comparable worth policy proposed is to raise wages rather than having other wages lowered in line with others whose skill, effort, responsibility and risk are equivalent when comparing occupations. However, for two jobs to be considered of equal worth, they need not be equal in each factor relating to the jobs’ worth. Instead, it is sufficient that their total value across all such factors is equal (Witting and Lowe, 1989, p. 6).

##### **4.8.1 Assessing Comparable Worth: Job Evaluation**

Typically, job evaluation is the leading method in which jobs are assessed in terms of comparable worth. The requirement of job evaluation is that the jobs are not evaluated on the performance of an individual within the job, but instead on the requirements of the actual job. England (1992) identified 4 dominant methods of job evaluation:



ranking, classification, factor comparison, and point-factor method. The first three have become less popular over recent times because they left many decisions implicit that were made explicit in the fourth job evaluation method of point factor. Hume (1993) admitted that the use of job evaluation schemes involved subjective decision making, claiming though that the process still had merit once the subjective nature of the scheme was identified and controlled for. Others have argued that no matter which method is used, job evaluation is prone to subjectivity and unreliability.

The single largest problem with job evaluation is finding a correct method that can be implemented. Under job evaluation, jobs that receive a similar score should receive similar wages. Yet, the weighting of the factors used in determining the scores of various occupations can vary greatly and in turn affect the outcome. If larger weighting were put on care and nurturing skills, female jobs would tend to score higher than male jobs.

Typically, opposition to comparable worth has relied on economic arguments to discredit its validity. Paul (1989) noted 2 critical presumptions that were generally made with job evaluation. Firstly, jobs have intrinsic worth and secondly such worth could be objectively measured (p. 24). These 2 presumptions have been where most of the counterarguments against comparable worth have been centred. The author noted that a fundamental flaw with the theory of intrinsic value was its inability to explain everyday market phenomena. Instead, Paul asserted, the marginal utility theory of value had several advantages over the theory of intrinsic value. For a theory of value that was based on demand and supply in the market, it could explain how prices are set for various commodities and why commodities that had the same amount of labour time spent on them differed in their value in the market.

In relation to comparable worth, Paul concluded that such a policy shared ground with the labour theory of value in a “*desire to discover some objective characteristics of worth or value apart from the valuations in the marketplace derived from the choices of actual buyers*” (p. 112). Therefore, advocates of comparable worth are looking for identifiable, impartial qualities that would be able to be transferred from one job to the next that theoretically everyone could agree on. This seems highly improbable. Job evaluators often find it very difficult to reach a consensus on the value of jobs. The fact that they are often asked to re-evaluate their decision, not to mention the ever changing skill levels of jobs, makes identifying transferable qualities a process that does not seem to reach an end. England (1992) asserted that it was contradictory that many business groups who objected to the use job evaluation schemes in the context of comparable worth used such schemes in the recruitment of employees. Yet, there is often a considerable difference in the motives and outside interests between evaluation schemes used for prospective employees and those used for comparable worth policies. Paul (1989) pointed out that in parts of the U.S., job evaluators had relented to the pressures from unions to adjust their conclusions from a position of finding no discrimination to detecting discrimination against females (p. 109).

Further, Paul pointed out that intrinsic value confuses moral language with economic language. An economic approach to value would commonly start with the amount that the good or service would be traded for in the market. Value from a comparable worth view searches for moral principle that deems to determine the contribution or worth of certain occupations to the welfare of society. Therefore, in relation to economic and moral language respectively, one can be easily determined, the other simply cannot.

Apart from the problem of how the job evaluation scheme is set up, Borjas (1996) believed that with such a scheme, workers would seek jobs that had the most points to them, as more points meant higher wages. Consequently, there is a loss in economic efficiency, as other occupations that have few points are not entered into. Under the neoclassical framework, a decrease in supply of such jobs would lead to a rise in wages. Yet, the process by which wages are determined under comparable worth would not see this occur.

In addition to the assumptions made, Paul (1989) believed that the use of comparable worth would have various negative effects concerning the employment of females. By artificially increasing the wages of only 'female occupations', there would be a stronger incentive for females to enter already predominantly female occupations, therefore, worsening the situation of gender segregation which many comparable worth supporters claim is a primary reason why females tend to earn less than males. A significant influx of workers into such occupations would also create excess supply that may lead to increased unemployment for females. Furthermore, Paul noted that the artificially higher wage level for females would lead many employers to substitute capital for labour, decreasing the number of jobs available. Overall, instead of encouraging females to enter non-traditional jobs, comparable worth is likely to preserve and strengthen job segregation.

Notwithstanding the effect comparable worth would have on female employment, such a policy would surely affect the male labour force as well. Paul questioned whether males would passively watch their relative positions in the wage scale erode. Males could equally demand comparable worth if they did not receive the same wage level as another predominantly male occupation that received the same rating using a job evaluation scheme. Therefore, once implemented, the bounds of comparable worth appear to be endless.

Loney (1999) argued that with such schemes, employees were the only winners; especially in the public sector where wage spirals were inclined to occur for both genders. However, many employees may lose out by being made redundant in the private sector, which could simply downsize or out-source to limit such damage. Instead, the costs in the public sector would fall further on the taxpayer due to increased wages, which lead firms to downsize.

England (1989) claimed that the economic arguments against comparable worth had been used before with other policies used to eliminate discrimination in the labour market such as equal employment opportunities and affirmative action. Nevertheless,

the main difference between those schemes and comparable worth is the sheer weight of change comparable worth will have on the labour market. Comparable worth policies affects far more workers than 'equal pay for equal work' policies. Whilst equal employment opportunities and affirmative action seeks to affect who an employer can hire, comparable worth affects the wage rates. Therefore, comparable worth tends to have more far reaching consequences. Moreover, Paul (1989) concluded that comparable worth is essentially backward looking. It looked at the perceived injustices of the past. A far more progressive strategy is to forget the past and concentrate on the future.

#### **4.9 Some Conclusions**

This chapter posed two broad questions. Firstly, what were the theoretical reasons for differences in wages between males and females and secondly, what further policies, if any, are required to eliminate any differences in wages between the genders? In regard to the first question, we have seen that there are a variety of factors that can help explain any wage differences between males and females. Human capital, parental leave and family responsibilities, supply and demand for different types of jobs, and compensating differentials all contribute towards explaining why males, on average, tend to earn more than females. Females in general are acquiring higher levels of human capital and entering 'male occupations' in greater numbers. Males are becoming more involved, although slowly, in parental leave and family responsibilities. Therefore, as these explanations for any difference in earnings continue to lose their emphasis, this would correspond with a continuing closing of the earnings gap between the genders. This has indeed occurred.

Regarding the second question, of what further policies, if any, were required to eliminate any differences in wages between the genders, we have determined that the idea that discrimination is the primary reason for any difference in wages is false. What many people find hard to comprehend is that the ideals of a fair and just society will most probably never exist. Discrimination, albeit, at various levels, does exist and will probably continue to be evident in all areas of society. We also have to bear in mind that some inequality is not necessarily bad for an economy. Inequality is inevitable in a world where individuals have distinct tastes and talents. However, action should be taken where there is an obvious and perceived injustice towards a certain group in society, e.g. black citizens in the U.S. Whether the same condition applies to the current position of females in the labour market seems dubious.

Furthermore, despite the best intentions of policies to swing the pendulum to enhance the wages and involvement of females in the work place, the pendulum can swing too far. This is becoming more evident in recent years. From the examples given concerning the academic learning environment and the law professions, serious questions have to be asked over the decisions to utilise such policies that are frequently detrimental to males.

The issue of the gender wage gap has coined various catch phrases such as 'glass ceilings', 'boys' clubs' and 'unlevel playing fields' that hinder females from achieving

in the work place to the same extent that males do. If policies were introduced that meant females were seen to be given special consideration, would that not create a feeling of resentment that probably did not exist in the work place to begin with? Certainly, feminist critiques say that they wish to be treated as equals with their male counterparts in all domains of society. This is certainly not what these policies are providing. Instead it is a 'girls' club' and an 'unlevel playing field' tilted on the female side.