Feasibility Study on Equal Pay for Work of Equal Value

Final Report

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i) An economic evaluation of comparable worth,
ii) An economic evaluation of equal employment opportunity and affirmative action, and
iii) A short description of programs to improve women's social and economic status.

Our report has drawn on his papers extensively. Professor Killingsworth also visited Hong Kong and offered many useful suggestions on the empirical work and also on the writing up of the report. In particular, he has gone through the entire preliminary report and stated that: "I am heartily in agreement with the recommendations and conclusions of the report".

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VI) Hong Kong Employers_ Federation
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The authors.

Feasibility Study of Equal Pay for Work of Equal Value

Summary

The principle of equal pay for work of equal value has been widely recognised in legislations in major industrialized countries including Australia, Canada, the United Kingdom, the European Union, and the US. While employers can no longer legally pay women less for doing the same work, women and men may be segregated into different jobs. Frequently, the jobs done mainly by men have a higher status and are more highly rewarded than comparable jobs done by women.

"Equal value" is seen as a means of redressing discrimination against women by requiring that all jobs be paid on the basis on their "value" as determined by "job evaluations" that quantify attributes ("compensable factors") of the jobs such as skill and effort requirements, responsibility and working conditions.

Job Evaluation and Equal Value

The techniques of job evaluation were developed about 100 years ago as part of "scientific management" to ensure that the wage rates for different jobs within an organization is equitable. Jobs evaluations are usually used to determine job worth for individual firms and not for the economy as a whole because firms are heterogenous and the "value" of a given job is different for different firms. In job evaluations, a committee, usually involving representatives from management, the Human Resource function, and employees, is set up to determine compensable factors, and also the weights assigned to each factor.[1]

The results of a job evaluation are very sensitive with respect to the choice of both compensable factors and factor weights. Factors such as skill, effort, responsibility, and working conditions are often considered. When choosing factors, it is important to choose factors that are not gender biased. For instance, the factor "effort" should be defined to include not only heavy physical exertion but also visual and mental efforts, which may be as demanding as heavy physical exertion. The choice of factors and factor weights should be based upon a careful examination of organizational values and objectives, and to proportionally weight those factors that lend value to the organization.

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[1] For example, suppose that it is agreed that two compensable factors, "skill level" and "working conditions," will be considered in a job evaluation; that the job of secretary is given 80 points (out of a possible 100) for skill level and 60 points (out of 100) for working conditions; and that skill level is to be given three times the weight accorded to working conditions. Then the "value" or "worth" of secretary jobs would be computed as 80 x 0.75 + 60 x 0.25 = 75; and similarly for the value or worth of other positions.

Despite the appearance of scientific rationality, job evaluation is inherently subjective as the choice of factors and weights and the assignment of scores involve subjective judgement. Moreover, job evaluations often reward dishonest job descriptions and encourage point-grabbing behaviour because the best way for employees getting a higher rating for their job is to belittle the importance of other jobs (Lawler, 1986).

Despite the widespread use of job evaluations in equal value situations, it has been shown that the theoretical basis of job evaluation is fundamentally flawed. The right payments for jobs cannot be determined by job characteristics alone as the role of market demand must be considered. ***Even an ideal job evaluation will not be able to determine the right payments for jobs*** if employees' tastes are heterogeneous, which is the usual situation (Killingsworth, 1987).[2] Equal value policies will thus create all sorts of inefficiencies in the economy.

Another problem is that ***the current trend in pay system design is to move away from compensation based on narrowly defined jobs to compensation based on individual characteristics*** such as skills and competencies. This is because organizational flexibility has become increasingly important and employees are reassigned rapidly to different tasks. Job evaluation requires stable jobs and stable organizational structures. This is no longer true in large organizations, and was never true in small organizations.

Equal Value in Other Jurisdictions

Experience in the UK and the European Community

Though equal value law has been in force in the European Community (EC) since 1975, as of 1994 a number of member states (France, Luxembourg, Greece, Italy) had not yet had <u>any</u> litigation involving equal value. Some observers thus infer that most countries in the EC do not take equal value seriously and they do not clearly define equal value in their legislation (Rhoads, 1993). The UK has had the largest amount of litigation involving equal value.

[2] Consider a simple economy with two jobs, police officers and clerks. Suppose all workers have identical skills. It might be thought that police officers should be paid more as the job involves more risks. However, employees tastes are heterogeneous. A minority of employees love risks and they would be willing to be police officers even if the job pays less than clerks. The average employee may be risk adverse, and would require a higher pay to become a police officer. In this case, the appropriate pay for police officers (relative to clerks) cannot be determined by considering only job characteristics (the compensable factors of skill, effort, working conditions etc.). The appropriate pay also depends on demand. If the community only requires a few police officers, than the pay of police officers would be less than clerks as there would be enough risk-loving employees who could fill the posts. However, if the community requires more police officers, then the pool of risk-loving employees would be exhausted and the community has to pay police officers more than clerks in order to attract risk adverse employees to become police officers. As job evaluations only consider job characteristics (compensable factors) and ignores demand, even an ideal job evaluation cannot determine the appropriate pay for different jobs.

In the UK, once a female plaintiff lodges a complaint, a three-member tribunal is created to investigate the case, and an outside expert is appointed to evaluate the complaint. The tribunal system was supposed to be a quick and inexpensive way of handling complaints, but the tribunal process has averaged 17.5 months. Moreover, appeals are common and the process has become legalistic and cumbersome.

As job evaluations are quite subjective, different experts often value the same job differently. Different companies within the same industry are thus forced to pay widely salaries for the same job. Another problem is that female plaintiffs only need to find **one** equivalent male job that is paid a higher wage without reference to the whole salary hierarchy. Due to historic reason such as past labour shortages, there are often a few jobs that might be considered overpaid if only job characteristics are considered. Since the whole salary hierarchy is not considered, equal value claims tend to make the salary hierarchy even more inconsistent.

Due to the pressures of global competition and restructuring, it appears recently that both the European and British efforts in equal value have shifted away from a legalistic and coercive approach to a suasive one. There appears also to be a creeping change of mood in judicial opinions held in Britain and in the European Union conceding that market forces can constitute an acceptable defence to equal pay claims.

Experience in the US

In the US, experience with equal value has been restricted to public sector employees in state governments because there is no consensus on equal value at the federal level. A number of states have passed equal value mandates covering all sate employees. The best known and most researched example involves Minnesota, which has passed laws covering both state level and municipal level employees.

The State's Pay Equity Act was passed in 1982, requiring that pay be based on the value of the work performed. Jobs are classified into male or female jobs if 70% or more of the incumbents are male or female, respectively. Jobs that do not fall into these two categories are called balanced jobs. The state estimates a pay line for male jobs (plotting the pay of male jobs against their point scores obtained from job evaluations), and then compares female jobs against the male pay line. Additional pay increases are given to female jobs that fall below that male pay line. Since pay equity comparisons are made against a pay line, rather than against specific individual jobs, Minnesota does not have the same problem with single "perverse" jobs that the UK does.

The law as passed by the state legislature is gender neutral, and does not require the state to focus on female jobs. However, the state did not adjust the salary of underpaid male and balanced jobs, which usually have female incumbents too. This led to dissatisfaction from underpaid workers who were not in female jobs and the state finally gave underpaid male jobs a pay increase rather than face a lawsuit.

Among local governments in Minnesota, the all employee pay line, which is the most stable wage line to estimate, is often used as the standard of pay rather than the male pay line. Since the number of male jobs are much lower, the male line is more sensitive to the effect of having one or two jobs being paid extremely high or low wages. Another problem of the male line is that changes in employee population can cause the set of male jobs to change. A male job may become a balanced job if one or two women are hired.

Local governments have used a number of evasive techniques to avoid equal value pay adjustments, including contracting out either high paid male jobs or low paid female jobs, or conducting multiple job evaluations and then choosing the one that gives the smallest pay increase. As job evaluations are subjective, spotting manipulated job evaluations is difficult.

Another problem is that equal value exercises create a great deal of ill-will among employees as the process pits employees against employees in a battle to receive higher point totals. High levels of employee involvement in the process appears to make this problem worse.

Experience in Australia

Australia has a centralized wage-fixing system covering 85% of all employees, and the system was applied for the cause of equal value since 1969. The government did not rely on job evaluations, but instead compressed past wage differentials to make wages more equal by arbitrarily increasing wages of women's jobs.

Australian wages became increasingly separated from labour market conditions and the Australian economy became increasingly uncompetitive. Wage compression led to unemployment of unskilled labour and shortages of skilled labour. Economy wide wage setting also forces all employers in the industry to pay the same wages, restricting the ability of employers to pursue different strategies. In response to these problems, Australia has to decentralize wage setting and Australian wages have become more responsive to market forces. As a result, the Australian female wage as a percentage of male wage (in non-agricultural activities) has fallen from 88% in 1990 to 79% in 1996.

Experience in Canada

The Canadian Human Rights Act of 1977 mandates equal value. Employees working within the federal jurisdiction can file a complaint with the Canadian Human Rights Commission which appoints an investigator who conducts a job evaluation and makes a recommendation. If the Commission believes that wage adjustments are necessary, a tribunal may be established to settle the case and tribunal decisions may be appealed to the courts. By 1995, around 70,000 employees have received equal value pay increases.

The Canadian equal value process tends to be slow, laborious, confrontational and limited in overall effectiveness. The suits against the Treasury Board of Canada and the Canada Post begun in 1991 and 1992 respectively have not yet been decided. These interminable legal proceedings are partly attributable to the subjective nature of job evaluations.

Labour Market Gender Gaps in Hong Kong

We use data from the 1981, 1986, 1991 and 1996 population censuses to study the size and trend of the gender earnings differential (the percentage by which male earnings exceeds female's) in Hong Kong. We concentrate on the sample which excludes foreigners as the large number of foreign domestic helpers tend to bias our results. The gender earnings differential (in monthly wages) in Hong Kong has declined rapidly from 41% in 1981 to 19% in 1996. Moreover, the gender wage differential in hourly wage is at least 35% smaller than that in monthly wages because males work longer hours than females.

The rapid narrowing of the gender earnings differential is partly due to the rapid rise of female educational attainment: from lower than that of males in 1981 and 1986 to higher than that of males in 1991 and 1996. The structural transformation of the Hong Kong economy from manufacturing to services also helped as females shifted from crafts, operators, or labourers to clerks who are better paid.

We found that the returns to both schooling and experience are higher for females than males. Hong Kong's occupational segregation also favours females as clerks (female jobs) are better paid than crafts, operators or labourers (male jobs). However, in terms of earnings, marital status is relatively more favourable for males than females.

We decompose the earnings differential into a component explained by personal characteristics (such as education and experience), and an unexplained component which may be due to employers' discrimination. In the Blinder-Oaxaca decomposition (male-weighted), the unexplained differential (as a percentage of female earnings) fell from 26% in 1981 to 17% in 1996, indicating that discrimination may have decreased. The Brown et al. decomposition, which takes into account occupational differences, shows that the gender pay differential is largely within occupations. The gender pay differential due to occupational segregation favours females and the differential is small. The within-occupation unexplained pay differential, which may be due to employers' discrimination, declined from 28% in 1981 to 16% in 1996.

In a nutshell, both the gender pay differential and the unexplained component of that differential (which may be attributed to employers' discrimination) have decreased rapidly from 1981 to 1996. Moreover, in comparison with other advanced economies (USA, Canada, UK, Australia, Japan, Singapore, Finland, Norway and Sweden), Hong Kong has the smallest gender wage gap in 1996. Hong Kong's gender gap in working hours was relatively small and Hong Kong's gap in unemployment was relatively favourable to females. However, Hong Kong scored

badly in female labour force participation (FLFP) and in the female-male employment ratio. To promote FLFP, the government may need to devote more resources to child and elderly care and also to the education and training of immigrants. Hong Kong's female-male employment ratio in top jobs (administrative and managerial personnel) also lagged behind other advanced economies.

In-depth Interviews of Firms and Unions

To understand the problems that local enterprises may encounter in implementing equal value, we conducted interviews of two leading corporations (Cathay Pacific and Philips China Hong Kong Group), two medium-sized and small firms, and four trade union centres.

Both Cathay Pacific and Philips had introduced job evaluations, though performance appraisal has become more important than job evaluations in determining compensation due to the emphasis on organizational flexibility. Both companies had strict guidelines to ensure that their hiring and promotion practices were gender neutral, and Cathay Pacific prided itself of being an equal opportunity employer. However, both corporations were against mandating equal value because they fear the attendant costs in an environment of global competition.

The other two firms interviewed, one small and one medium-sized, were also against mandating equal value. Job evaluations were viewed as impractical as clearly defined jobs did not exist in these firms. The impact of equal value laws on costs and competitiveness was another concern, since small firms in Hong Kong thrived on a thin profit margin. Equal value laws were regarded as culturally alien, undermining the voluntary benevolence and paternalism in small firms.

We interviewed four principal trade union centres, including: 1) the Hong Kong Confederation of Trade Unions (CTU); 2) the Hong Kong and Kowloon Trades Union Council (TUC); 3) the Hong Kong and Kowloon Federation of Labour Unions (FLU); and 4) the Hong Kong Federation of Trade Unions (FTU). While the CTU supported the mandatory promotion of pay equity, the other three union centres were against the introduction of equal value by legislation.

The CTU was concerned about occupational segregation, especially among low-wage workers. Females were allegedly socialized to accept jobs with lower pay. The CTU had many complaints of employers discriminating against females because employers feared that pregnancies and family duties would interfere with their employees' work efforts. Though the CTU supported mandatory equal value, it admitted that there was little grass-root demand for it because the concept was alien. A long process of education would be needed to familiarize the community to the idea.

The other three union centres favoured voluntary promotion of equal value instead of coercive legislation. According to these unions, mandatory equal value would be resisted by employees as well as employers because it would damage the flexibility and adaptability of Hong Kong's small businesses. Job evaluations were subjective, and they bred jealousy and contention among employees. Moreover, stable jobs were withering away due to the rise of flexible task assignments, and clearly defined jobs did not exist in small firms which had a dominant share of Hong Kong's employment. Lastly, mandatory equal value was regarded as alien to Hong Kong's Chinese workplace culture, which value reciprocity, trust, and forbearance rather than confrontation and litigation.

Evaluation of Equal Value and Recommendations

We do not recommend the compulsory introduction of equal value in Hong Kong by legislation because the potential benefits are far less than the associated costs. A suasive approach is more fruitful. Our arguments are listed below.

1. The theoretical basis of job evaluation is fundamentally flawed. If employees' tastes are heterogeneous (which is the usual situation), then ***even an ideal job evaluation will not be able to uncover the right wage differentials*** (section 4). Equal value pay adjustments will thus create all sorts of inefficiencies in the economy.

2. Even if we make the unrealistic assumption that employees' tastes are homogeneous and we have an ***ideal*** job evaluation that can uncover the right wage differentials, ***equal value is most often a wrong remedy for discrimination*** (section 9.2). Equal value addresses the symptom instead of the cause of low female wages, which may be employer discrimination, discriminatory socialization, lack of training or lack of child care facilities etc. Employer discrimination should be tackled by equal employment opportunity policies (which prohibits discrimination in hiring and promotion but does not require equal value); discriminatory socialization should be changed through education; and lack of training and child or elderly care facilities should be made good by their provision. By alleviating the symptom of low female wages, equal value often makes the solution of the problem more difficult. For instance, if the cause of low female wage is lack of skills, equal value discourages females to invest in skills for the high-pay jobs by inflating the wages of low-pay jobs. Moreover, the artificially high wage will give the wrong incentive for more people to enter the female jobs.

3. ***Equal value is dubious on equity grounds*** (section 9.2). By inflating the wages of female jobs, some women will lose their jobs. The unemployed women bear the cost of the wage increase for those who are lucky enough to remain employed. The increase in cost will adversely affect

competitiveness and may lead to unemployment of other workers.

4. ***Recent trends in pay system design are moving away from compensation based upon narrowly defined jobs to compensation based upon individual characteristics***. Equal value requires stable jobs and stable organizational structures which are no longer common (section 2.5). This reservation against equal value is shared by the majority of union centres interviewed (section 8.4). In the two leading corporations that we have interviewed, performance appraisal has become more important than job evaluation in determining pay (section 8.2). In the two small and medium-sized firms interviewed, clearly defined jobs do not exist (section 8.3). The implementation of equal value and job evaluation in such an environment is clearly very difficult, if not impossible.

5. Even if clearly defined jobs exist, ***job evaluation is inherently subjective***. Different experts evaluating the same job often give substantially different scores. Job evaluations often generate bitter debates and point grabbing behaviour among employees (section 3.2). In Hong Kong, these reservations against job evaluations are shared by the majority of trade union centres interviewed (section 8.4).

6. Given the flawed rationale and many practical problems with equal value, ***the advanced countries that have practised equal value are moving away from it***. In particular, the European Union and the UK have recently relaxed the stringency of coercive regulations and have increasingly relied on suasion (section 5.3).

7. ***Hong Kong has a significantly smaller gender wage gap than the advanced economies that have practised equal value for decades***. In Hong Kong, both the gender earnings gap and the unexplained component which may be due to discrimination have declined very rapidly (section 6). Equal value is supposed to deal with job segregation, but Hong Kong's job segregation favours females. The need for equal value is not evident.

8. From our interviews (section 8), ***all firms and the majority of unions are clearly against the compulsory introduction of equal value***. All interviewees except the CTU were apprehensive of the costs and red tape that equal value will bring. Many interviewees also regarded equal value as alien to Chinese culture.

9. In the small open economy of Hong Kong which is subject to tremendous competitive pressure, we expect that ***even relatively small equal-value wage increases will have relatively severe impacts on competitiveness***, leading to relatively large fall in employment (section 9.6.6). This view is shared by the majority of trade union centres and small and medium sized firms that we have interviewed (section 8).

10. Given the predominance of small firms in Hong Kong, ***few Hong Kong firms have clearly defined jobs and very few can afford a job evaluation***. In the four industries for which data on firm size are available (they cover 70% of Hong Kong's labour force), firms employing 200 persons or over only account for 0.2% of the number of firms and 22.9% of total employment (section 9.8).

Alternatives to Equal Value Legislation

In our opinion, there are other, better means of tackling discrimination than equal value legislation. Some of these alternatives represent preliminary suggestions that require further study before implementation. These alternatives are listed below.

1. Strict enforcement of <u>equal pay for equal work</u>. Equal work is much easier to pinpoint than equal value and violators can easily be identified. Unlike equal value, the policy does not distort the wages of different jobs. Experience in the UK shows that the policy can decrease the gender wage gap significantly.

2. The EOC can promote the voluntary practice of equal value by large organizations. Besides campaigns to raise awareness, the EOC can provide information on best practice. The EOC can also press for the training of experts in Human Resource Management, including the establishment of a postgraduate degree in local tertiary institution(s).

3. The EOC can require the larger firms to give periodic reports on the gender composition of their staff in different jobs and ranks. This will alert employers to the possibility of discrimination. This will also provide much better data on gender gaps in Hong Kong than what are currently available.

4. The low rate of female labour participation in Hong Kong (section 7.4) is a problem area worthy of attention. The problem may be related to lack of child or elderly care facilities for the great majority of families who cannot afford imported domestic helpers. In that case, provision of child or elderly care facilities should be promoted.

5. The increase in immigration from the mainland is another area worthy of attention. We have shown that the earnings differential between natives and China born immigrants for females was consistently larger than that of males (section 6.4.3.). Helping immigrants to adjust and provision of training opportunities would be important.

6. In the event that serious gender gaps due to labour market discrimination are found to be persistent, the EOC may consider stronger enforcement of the present stipulations in the Code of Practice on Employment on equal treatment in hiring, promotion, appraisal, training etc. As job-based compensation is increasingly outdated and other compensation systems such as pay-for-performance are increasingly common, it is more important to require fair practices in hiring, promotion and performance appraisal than to require equal value, especially when the "value" of a job cannot be ascertained in principle even by an ideal job evaluation.

Recommendations on Implementation of Equal Value

Though we do not support the adoption of equal value legislation, we would not fulfil our terms of reference if we do not recommend the least harmful way of introducing equal value. Our recommendations are as follows:

1. ***Companies with fewer than 200 employees should be exempt, and companies be given a five year period before all wage adjustments need to be made.*** Compared to the Ontario equal value legislation, our recommendation is to allow a longer period of time to make adjustments, as well as limiting coverage to slightly larger employers (100 employees in Ontario). This is because Canadian companies have a greater familiarity with the concepts behind equal value, and the skills required to implement equal value are more readily available in Canada.

2. Female jobs can be compared with different salary lines: the male line, composed of jobs with over 70% male incumbents; the balanced job line, composed of jobs with between 30% and 70% male incumbents; and the all-jobs line, composed of all jobs within the company. ***The all-jobs line should be used as the basis for wage comparisons*** because it gives more stable estimates, as explained in the section on Minnesota's experience. Since comparisons are made against a pay line rather than against specific jobs, this would eliminate UK's problem with single "perverse" jobs.

3. ***All jobs, male, female, and balanced, should be compared to the all-jobs line***. All jobs (including male jobs) paid below the line would be given pay increases to bring them up to the line. The pay of jobs above the line should be frozen until the differential is eroded by inflation. This recommendation would make the implementation of equal value gender-neutral.

4. ***Companies should be allowed to vary from strict equal value*** when it can be demonstrated that staffing difficulties have resulted (or will result). The examples from all the countries reviewed have indicated that strict adherence to the concept of equal value has the negative effect of hindering the proper functioning of the labour market, leading to chronic shortages for some occupations and excesses in others.

5. Job value does not exist independent of the companies' need for the job. ***Companies should be allowed to include their strategic requirements in setting job wages***. This recommendation is consistent with both Canadian and American practice, and is intended to mitigate some of the difficulties experienced in the UK and Australia. This recommendation will allow companies to continue using their compensation system as a management tool, while requiring that any pay differences that might appear discriminatory to be justified based upon admissible business requirements.

These recommendations were designed to help minimize the negative effects of equal value. Not following them will seriously hinder the competitiveness of Hong Kong business, and thus ultimately prove to not be in the best interests of either employers or employees.

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1. Introduction

1.1. Terms of Reference

We have been commissioned by the Equal Opportunities Commission (EOC) to conduct a "Feasibility Study on Equal Pay for Work of Equal Value". Our terms of reference are as follows:

a. to advise the EOC on the key methods in assessing equal pay for work of equal value and in determining equal value of different jobs in overseas jurisdictions; the costs, reliability, effectiveness, advantages and disadvantages of these methods as well as to evaluate whether these methods are applicable to Hong Kong given the local employment and gender pay gap situation;

b. to advise the EOC on the conditions and methods that are required for the implementation of equal pay for work of equal value in Hong Kong and the time frame for implementation;

c. to examine the issues of pay equity in the Hong Kong context including the local gender gap in employment and earnings, the local management style and system of job description and evaluation, the costs and side effects of introducing pay equity, and to suggest alternative options to enhance pay equity and reduce job segregation;

d. to conduct in-depth interviews of firms and trade unions to understand problems that local enterprises may encounter in implementing pay equity and the likely reactions to and desires of employees in relation to pay equity, in relation to (c) above.

1.2. Code of Practice on Employment

There is a section on "equal pay for work of equal value" in the Code of Practice on Employment issued by the EOC in January 1997 in accordance with the Sex Discrimination Ordinance. The stipulations are as follows (HKEOC, 1997, p. 18):

12.5 Sex discrimination in pay may occur because women and men tend to be segregated into different jobs. Frequently the jobs done mainly by men have a higher status and are more highly rewarded than those done by women. Such differences can be reinforced by discriminatory recruitment, selection and promotion procedures which restrict the range of work persons of each sex perform.

12.6 A related principle to equal pay for equal work is that of equal pay for work of equal value. Where women undertake work as demanding as that of their male colleagues, even though the work is different, women should receive the same pay and benefits. That is, jobs of equal value warrant equal pay.

12.7 Overseas experience suggests that different jobs done by a man and a woman can be compared on the basis of the demands made on a worker in terms of effort, skill, responsibility and working conditions. Employers can set individual pay rates based on market forces and individual performance but should not pay a class of workers less for doing work of equal value on the basis of sex.

12.8 Employers should maintain the principle of equal pay for equal work and are encouraged to progressively implement equal pay for equal value. This will require objective and professional evaluation of different jobs within the same establishment, or alternative methods of approaching the issue of equal pay which can be demonstrated to be non-discriminatory. Large organisations in both the public and private sectors with a structured human resources department could take a lead in this.

1.3. Introduction to Equal Value

The principle of equal pay for work of equal value has been widely recognised in legislations in major industrialized countries including Australia, Canada, the United Kingdom, the European Union, and the US. In this proposal, the phrases equal value, pay equity, and comparable worth are used interchangeably. Equal value is often used internationally; pay equity is used in Canada, and comparable worth is used most often in the US.

The principle or doctrine of Equal Value can be stated very simply: rates of pay for workers performing different jobs should be based on the “value” of those jobs as determined by "job evaluations" that quantify attributes (“compensable factors”) of the jobs such as skill and effort requirements, responsibility and working conditions. “Pay equity” means paying jobs (and the workers performing them) on the basis of their “worth” or “value,” as measured by such a job evaluation. Hence, there should be “equal pay for jobs of comparable worth” and “equal pay for work of equal value”; likewise, there should be different pay for jobs of different worth or value.

Determination of the structure of wages based on job evaluations has its roots in the “scientific management” techniques developed about 100 years ago. The techniques of job evaluation were developed to ensure that the wage rates for different jobs within an organization is equitable.

Modern interest in comparable worth stems from a very different concern: the belief that the existing wage structure is affected by gender discrimination, and the related belief that jobs performed primarily by women are paid less than their “worth”

or “value” relative to other jobs that are performed primarily by men: for example, that the work of secretaries is “undervalued” -- paid less than its “worth” -- relative to the work of plumbers. In most present-day discussions, comparable worth is seen as a means of redressing discrimination against women by requiring that all jobs be paid on the basis of their worth or value.

Thus, the basic principle of comparable worth can be stated in very simple terms. Translating this principle into reality -- implementing comparable worth -- is likely to be much less simple, however; and although the case for comparable worth seems straightforward and persuasive, careful examination raises serious questions about the conceptual rationale for this policy. Finally, adoption of comparable worth will entail costs as well as benefits; and an accurate assessment of these benefits and costs is a complex task.

1.4. Organization of Report

The plan of this report is as follows. Section 2 discusses the mechanics of job evaluation. Section 3 discusses practical questions about implementation of comparable worth through job evaluation. Section 4 evaluates the conceptual rationale for comparable worth. Section 5 discusses the experience with equal value in other jurisdictions. Section 6 analyses the local gender gap in Hong Kong. Section 7 compares the labour market gender gaps in Hong Kong with that of selected advanced countries. Section 8 summarizes the views of local firms and unions on equal value obtained through in-depth interviews. Section 9 gives our evaluation of equal value. Our recommendations are given in section 10.

2. Pay Equity and Job Evaluation

As job evaluation is the instrument for implementing equal value, this section will discuss the mechanics of job evaluation and the role of job evaluation in compensation.

2.1. Pay System and Equity

The traditional methods of managing compensation systems that are discussed in management textbooks (e.g., Milkovich and Newman, 1993; Wallace and Fay, 1988) concentrate upon two main bases for pay: the job, and the person. For example, a company might have a particular pay range for file clerks (the job), but two different file clerks might receive different pay within that range due to differences in individual factors like performance or seniority.

When designing any form of pay system, equity is an important consideration. Equity comparisons can be categorized into three types: individual, external, and internal. Individual equity is concerned that people within the same job are paid fairly. For example, a highly productive worker is likely to be upset if his/her exceptional productivity is not reflected in his/her earnings. External equity is concerned with comparisons with what other employers pay. This is also clearly a concern, since an employer that pays wages below the market will have difficulty attracting and retaining employees. The final form of equity, internal equity, is concerned with the relationship between the wage rates for different jobs within the same organization.

Having taken into consideration the fact that pay depends upon both person and job characteristics, it is necessary to consider how the job can be valued. It is argued by some that the market is the appropriate arbiter of job value. This is the same as saying that internal equity is subordinate to external equity. However, there are a number of researchers (e.g., Sorensen, 1994) who fear that market prices for jobs reflect the result of labour market discrimination, and therefore cannot be relied upon as an impartial measure of value.

2.2. Job Evaluation

The proposed alternative to market pricing is to estimate the value of a job by a job evaluation. In a job evaluation, characteristics common to all jobs are chosen that can be used evaluate the value of the job to the company. The resulting hierarchy of job values is then used to determine job pay levels. Job evaluation can be performed in a holistic way by asking the assessors (i.e., the judges asked to assess the jobs) to rank or classify the jobs into classes along a hierarchical job scale. Alternatively, in the point factor method, the jobs are imputed with a numerical notional value commonly

denominated by points using a pre-determined set of measurement criteria. The latter approach is technically more sophisticated, yet more cumbersome, involving analysis of individual jobs into measurable components or job factors.

As point factor method is the only approach to job evaluation that received wide support for use in equal value situations, this report presumes the use of this approach in job evaluations. The point factor method has a number of advantages over the other methods. For example, it compares specific job characteristics to a common set of standards across all jobs. Though all methods of job evaluation are based upon the subjective judgments of the analysts and may not be reliable, the point factor method is more transparent as the analyst have to be explicit about their judgments. On the negative side, the point factor method is expensive and time-consuming to develop.

While job evaluation is *supposed* to be concerned solely with internal equity, it must also be understood that job evaluation is primarily used by most organizations to help set pay for non-key jobs, and that in many organizations common practice is to force the reevaluation of jobs in order to bring the evaluation scores into agreement with market wage rates (Schwab, 1980). The restriction of job evaluation to non-key jobs must be emphasized: key jobs are too important to an organization to base their wages on anything other than the market.

2.3. Determining "Job Worth"

The determination of "job worth" by means of the point factor method can be described straightforwardly in terms of the following steps (the detail mechanism is explained in Appendix I):

1. determine what attributes or "compensable factors" (requirements, characteristics, etc.) will be considered in the job evaluation;

2. study each job (e.g., by reviewing job descriptions and/or interviewing incumbents in each job), and assign a numerical score ("evaluation points") to that job for each of the attributes to be considered;

3. determine the weight to be given to each attribute in computing the final evaluation score; and

4. determine the total evaluation-point score for each job (its "value" or "worth") by calculating the properly-weighted sum of the evaluation points given for each of the attributes to be considered.

For example, suppose that it is agreed that two compensable factors, "skill level" and "working conditions," will be considered in a job evaluation; that the job of secretary is given 80 points (out of a possible 100) for skill level and 60 points (out of 100) for working conditions; and that skill level is to be given three times the weight accorded to working conditions. Then the "value" or "worth" of secretary jobs would be computed as 80 x 0.75 + 60 x 0.25 = 75; and similarly for the value or worth of other positions.

Since compensable factors are supposed to reflect factors that lend value to the organization, clearly organizations with different objectives are likely to choose different factors. For example, an organization that pursues a strategy of cost minimization will value job characteristics differently than would a company pursuing a strategy of product innovation.

2.4. Job Evaluation Committee

Standard practice for conducting a job evaluation is to set up a committee to conduct and/or oversee the job evaluation process. The committee is typically made up of management representatives, Human Resource professionals, and employee representatives. The presence of employees serves at least two purposes. First, since the purpose of job evaluation is to help satisfy employee perceptions of internal equity, it is important to receive input from employees on what their equity perceptions are. Second, employees have the best knowledge about actual job content, and are thus an important source of the information needed to conduct the job evaluation. In addition, by having a committee involved in the job evaluation process, the likelihood of point-grabbing behaviour becoming a serious problem is hopefully reduced, but in reality, involvement often leads to employee discontent instead.

2.5. Establishing Job Families

It must be decided whether to use the same salary system for all employees, or whether it is necessary to use different salary systems for different groups of employees. The use of a single salary system can help to increase perceptions of internal equity. Alternatively, when there are substantial differences in job content across job families, it might be necessary to adopt entirely different compensable factors for each job family. It is not uncommon to have the following job families: sales, managerial, production, technical, and clerical. Each job family would have a different salary structure.

2.6. Establishing the Wage Structure

The final step in the process is to design the salary structure. When designing a salary structure based upon a job evaluation, jobs are assigned to pay grades. Each pay grade will have an associated pay range. Jobs that are assigned to the same pay grade are those that are judged to be of equivalent value to the organization (based upon job evaluation points), and it is this judgment that makes job evaluation the preferred means of implementing equal value policies.

In fitting the wage structure to market wages, only key jobs are matched to the labour market. This is done for a number of reasons. One reason is that if all jobs are

matched to the market wages, then the whole exercise of creating a salary structure that satisfies internal equity is defeated: what has been created is a salary structure that satisfies external equity only. Another reason that only key jobs are used is that getting high quality market wage data is very expensive to do, and selecting key jobs will allow the matching of the overall salary structure to the market using a smaller sample of data (albeit a small sample of high quality wage data). A final reason for using key jobs is the fact that many organizations find that a large proportion of their jobs are company specific, which would mean that there are no equivalents in the labour market. By creating a salary structure using key jobs, it is possible to impute the market wage rate for company specific jobs.

Comparing wages to labour market wages appears at first glance to be a straightforward task, but that turns out to not be so. Compensation textbooks, such as Milkovich and Newman (1993) or Wallace and Fay (1988), discuss in detail the process of conducting salary surveys. It is important to note the use of the word salary rather than wage, since the consensus among managers, management scholars, and economists, is that it is necessary to consider all forms of compensation rather than just direct wages when making wage market comparisons. Rynes and Milkovich (1986) and Hartenian and Johnson (1991) both discuss some of the difficulties that arise when trying to conduct an accurate market survey. In addition to the need to collect complete salary information, it is also necessary to carefully consider the definition of the appropriate market (both in terms of labour markets and product markets), as well as pay careful attention to matching jobs. Given the importance and complexity of the market survey, a more detailed discussion of how market surveys are (and should be) conducted is contained in Appendix II.

At this point, it is worth repeating Schwab (1980) observation that when job evaluation scores differ significantly from market wage rates, common practice is to adjust the job evaluation scores. The implication of this observation is that while the ostensible purpose of job evaluation is to create wage hierarchies that reflect the value of jobs to the organization (a form of internal equity), in practice external equity considerations appear to take precedence. Alternatively, as Rynes and Milkovich (1986) point out, it appears that most organizations validate the job evaluation using the ability to predict the market hierarchy of wages as the implicit criteria for success. This viewpoint makes more sense when one remembers that one of the primary purposes of job evaluations is to estimate the imputed market wage for jobs that are organization specific, and thus don't have a market wage that can be referred to.

2.7. Limitations of Job Evaluation

Equal value requires fairly narrow and clearly defined jobs, since otherwise comparison of jobs is not possible. However, due to competitive pressures and technical changes in the way that work is done, the trend of current compensation system design has seen a shift away from job-based compensation to alternatives including broadbanding, team-based pay, and skilled-based pay. In all of these cases, compensation is moving away from compensation based upon narrow job definitions,

and is moving more towards compensation that is based upon individual characteristics. The change to these types of pay systems are driven by factors such as increased global competition, the need to be more responsive to labour and product market changes, to reflect the fact that technological changes are influencing the way in which work is done, and in recognition of the fact that it is necessary to develop the appropriate pay policies for knowledge and service workers.

In a job evaluation, jobs with similar points are assigned to the same pay grade. This ensures that jobs evaluated as similar would not receive widely different pay, as the pay range in each pay grade is usually quite narrow, in the range of 30% to 50%. A broadband pay system operates by sharply limiting the number of pay grades. It is not unknown for some organizations to have 30 or more pay grades. In a broadbanded organization, there might be no more than 5 or 6 pay grades. One effect of this restriction in the number of pay grades is an increase in pay ranges to as much as 200% to 300% (Ledford, 1995a). Broadbanding helps increase flexibility in reassigning employees to other duties, since under a traditional salary structure system employees might be reluctant to make job changes due to the narrow pay ranges associated with alternative jobs. Under a broadband system, job changes do require the consideration of the pay ranges associated with the alternative job. When pay ranges are this wide, it is clear that the job component of pay can be quite small compared to the individual component of pay.

Team-based pay is also a reflection of the changing nature of work. No longer are jobs being thought of as narrowly defined, individual jobs, but rather are thought of as more widely defined roles that are integrated across a work team. When moving towards team based pay, compensation needs to reflect the role that the individual worker fills in the team, as well as team-work skills and team performance levels (Heneman and von Hippel, 1995). This also has the effect of reducing the importance of job based compensation.

Skill-based (or competency-based) pay is another alternative pay system that is completely at variance with traditional salary systems. Under a skill-based pay system, employees are paid according to the skills and competencies that they hold, rather than the particular job that they hold. Under such a pay system, employees are paid according to what they are able to do, rather than what they are actually doing. As organizational flexibility becomes increasingly important, it also becomes more important to have employees that can be reassigned rapidly to alternative tasks (Ledford, 1995b).

The following sections will discuss how equal pay for jobs of equal value is typically implemented. It will be seen that equal value requires fairly narrow and clear jobs, since otherwise comparison of jobs is not possible. At the same time, due to competitive pressures and technical changes in the way that work is done, current compensation system design trend has seen a shift away from job-based compensation to alternative bases for compensation.

3. Implementing Comparable Worth

How would the principle of comparable worth be implemented? In some instances, individual employers have decided (either on their own initiative, or as an outcome of collective bargaining with one or more unions) to adopt some form of the comparable worth principle in determining pay. In other instances, governmental bodies (e.g., the European Economic Community and the Canadian province of Ontario) have adopted comparable worth laws. In either case, making comparable worth operational entails finding answers to many questions about implementation. Although the following discussion will focus (mainly in the interest of brevity) on implementation of comparable worth via legislative action for a country, many of the same implementation issues arise when an individual employer sets out to adopt comparable worth.

3.1. Coverage and Standards

Perhaps the most important issue about coverage has to do with whether the comparable worth standard to be imposed would be economy-wide or firm-specific. In the U. S. and Europe, most discussion has focused on (and most observers seem to favour) a firm-specific standard rather than an economy-wide standard: that is, job evaluations and determinations of jobs' worth would be confined to individual firms; no inter-firm wage comparisons would be allowed; and each firm would have to conduct its own job evaluation and its own determination of "job worth," without reference to any other firm.

Thus, for example, suppose that a job evaluation undertaken for the ABC Corp. found that a plumber's job at ABC was worth $40/hour and that a secretary's job was worth $20/hour. Under a firm-specific standard, this would have no bearing on either the absolute or relative value of the job of plumber or secretary at any other company.

In contrast, under an economy-wide standard, the value of a particular job would be the same at all employers: for example, the worth (in either absolute or relative terms) of all plumbers' jobs would be (assumed to be) the same, regardless of where the plumbers happen to be employed. Under an absolute economy-wide standard, each plumber (and each secretary) would have to be paid the same wage (e.g., $40/hour or $20/hour, respectively). In contrast, under a relative economy-wide standard, plumbers' pay at all firms would have to be no more (or less) than, say, twice the wage received by secretaries; thus, this would fix all relative wages nationally, but the level of wages could vary from one employer to another.

The obvious objection to an economy-wide standard is that it may be unreasonable to assume that the "worth" of a given occupation is identical in all firms: surely, for example, the working conditions of plumbers vary from one firm to another. On the other hand, there is a subtle objection to adoption of the firm-specific version of comparable worth: if no interfirm comparisons are allowed, then each firm is free to

avoid part of its obligations under comparable worth by simply "contracting-out" some of its work. (For example, a firm that employs many clerical workers might be able to avoid having to make comparisons with its other job categories, and the potential for large wage adjustments, by simply dismissing all of its clerical workers and then contracting with outside clerical-services firms.)

As Australia had a centralized wage-fixing system that was applied for the cause of comparable worth since 1969, Australia came closest to adopting an economy-wide standard. As expected, the system has proven to be highly non-competitive and Australia has recently moved away from centralized wage fixing, as will be explained below.

3.2. Job Evaluation and Equal Value

Job evaluation is the main mechanism by which equal value programs are implemented, but since equal value is not one of the original purposes of job evaluation, it is necessary to highlight some of the special considerations involved when using job evaluation to implement equal value. Some topics of particular importance are:

1. Employee involvement and the role of the job evaluation committee.
2. Choosing non-discriminatory compensable factors and factor weights.
3. Managing the process of evaluating jobs to minimize employee discontent.

3.2.1. The Committee

The first stage in designing and implementing is setting up a committee to oversee the process. In practice, the committees include representatives from management, the Human Resource function, and employees. In particular, the employee representatives will include representatives from both "male" and "female" occupations. The most commonly accepted definition of female (male) occupations are those occupations where more than 70% of the incumbents are female (male). The belief is that representatives from both male and female occupations are needed in order to get views from both perspectives, and in order to help avoid biased results. The problem is that in practice, the job evaluation process tends to be a very contentious process, and high levels of employee involvement appear to lead to increased problems with employee discontent.

3.2.2.Choice of Compensable Factors

The choice of compensable factors, and the weights assigned to each factor, are the first decisions that are made by the committee. These choices are among the most critical choices made during the design stage, since the final results are very sensitive with respect to the choice of both compensable factors and factor weights. Many discussions of job evaluations typically mention "skill, effort, responsibility, and working conditions" as the four main compensable factors to be considered. Appendix I, which discusses point factor job evaluation in detail, contains a listing of some possible compensable factors. Some observers argue that job evaluations should award points for "market factors" (e.g., a measure of the wage received by persons in similar positions at other employers); whereas other commentators have argued that, to the extent that the structure of wages in the general labour market is distorted by discrimination, evaluating and paying jobs on the basis of "market factors" would be discriminatory.

When choosing factors, a common difficulty is in choosing factors that are not gender biased. For example, job evaluation systems often place a great emphasis upon work that involves heavy physical exertion, but do not usually take into consideration work that involves repetitive tasks that are often equally physically demanding. Thus, male jobs involving heavy lifting receive credit, while female jobs like secretaries that involve repetitive typing do not receive credit. The following Table gives examples of compensable factors that the UK Equal Opportunities Commission (1993) considers to be biased and unbiased.

Biased and Unbiased Compensable Factors

Biased Factors	Unbiased Factors
Skill	Basic knowledge
Experience in Job	Complexity of task
Training	Training
Responsibility	Responsibility for people
For money	Responsibility for materials & equipment
For equipment & machinery	Mental effort
For safety	Visual effort
For work done by others	Physical activity
Effort	Working conditions
Lifting requirement	
Strength required	
Sustained physical effort	
Conditions	
Physical environment	
Working position	
Hazards	

The bias in this example is due to the fact that the set of factors in the left hand

column are more appropriate for typically "male" jobs than for "female" jobs. One such example is the factors under the heading **Effort**. All of these factors emphasize physical strength, but there are other forms of effort that should be considered. The unbiased factors in the Table shows a more balanced set of factors that can be used. These factors span a broader set of job characteristics, and are also more broadly defined. The **Effort** factor identified as problematic has been defined more broadly, with new factor titles like: mental effort, visual effort, and physical activity. The unbiased factors are superior to the biased ones, both in terms of being non-discriminatory as well as in more accurately reflecting characteristics of jobs that should be compensated. Jobs that require a great deal of visual effort, such as jeweller or proof-reader, might involve as much physical effort or discomfort as the jobs rated highly under purely strength related criteria. In order to accurately reflect job value, it is therefore necessary to be somewhat broad in the definition of the compensable factors.

Due to the fact that it is necessary to pay for both the job and for the person, it is necessary to select compensable factors that both evaluate characteristics of the job and evaluate required individual characteristics. One such example would be the inclusion of educational requirements. Required educational levels are at one level a description of employees, while at another level is a description of job characteristics. Jobs that require high educational levels will in many cases also have higher values to the organization, and from a human capital perspective it would also be necessary to pay the job incumbents higher salaries in order to recognize their investment in human capital.

It has been pointed out several times that job evaluation is an inherently subjective process, and while some equal value advocates claim that job evaluation provides an objective means of determining pay hierarchies, this is not the case. In the above example of the "biased" and "unbiased" factors, it must be asked by what criteria the judgement of bias was made. In many published cases (c.f., Rhoads, 1993), the decision of bias in job evaluation factors is made based on whether pay differences between men and women disappear. In one such example, Rubenstein (1984) disagrees with one UK EOC publication that says that when predominantly female jobs get low scores, "then the set of factors is discriminatory and should be changed" (Rubenstein, 1984, p. 93). Thus, it appears that many equal value advocates would reject as biased any set of job evaluation factors that would allow pay differences between men and women.

From our discussion of both the economic theories and company strategy and job design, it can be seen that there are many reasons in addition to discrimination that might account for pay differences. Our discussion does not mean to imply that there is no such thing as bias in job evaluation factors; bias in job evaluation factors is a very serious danger that must be guarded against. Instead, what must be realized is that there are no clear objective criteria that can be used to judge bias, and this leads to the likelihood of dissension and conflict during the job evaluation process. In the final judgement, job evaluation factors should be judged as appropriate **when** they are based upon sound business reasons, regardless of whether the factors result in equal pay for male and female occupations. However, when there are no clear business reasons for job evaluation factors that serve to perpetuate pay inequalities, then these factors should

be considered as discriminatory and dropped in favour of more appropriate factors. This view, which is not in agreement with the views of some advocates of equal value, is in agreement with current economic and management theory about how to value jobs.

In order to select compensable factors that adequately reflect job value in a non-discriminatory manner, the following guidelines are recommended:

1. Choose job factors that are justifiable in light of organizational objectives and strategies.

2. Select factors that cover a wide range of job characteristics.

3. Select factors that are somewhat broad in scope.

4. Select factors that are applicable to both male and female occupations.

5. Select both factors that reflect job content as well as factors that reflect the characteristics of the individuals required in the job.

3.2.3. Choice of Factor Weights

The selection of factor weights for the job evaluation factors is another inherently subjective decision. In Appendix I, an example of the sensitivity of job evaluation results to factor weights was presented. Some job evaluations -- in particular, those prepared by commercial job evaluation firms -- use weights derived via a process known as "policy-capturing." Under this approach, regression analysis of the existing wage structure is used to derive the weights for the compensable factors.[1] Not surprisingly, many proponents of comparable worth reject this approach on the grounds that the existing wage structure may be affected by discrimination, and therefore should not be used to derive the weights for the compensable factors.

When selecting factor weights, the decision should be based upon business requirements, just as is the case for the selection of job evaluation factors. If job evaluation factors are purposefully selected to result in equal pay, regardless of other considerations, then the equal value exercise ceases to be an objective exercise in setting job value, but instead becomes a means of forcing equality. The choice of factor weights should therefore be based upon a careful examination of organizational values and objectives, and to proportionally weight those factors that lend value to the organization.

[1] As a simple example, suppose that a job evaluation uses two compensable factors, skill level and working conditions; and that the regression of pay levels currently in effect on these two variables yields coefficients of 0.60 and 0.15, respectively. Then, under a policy-capturing approach, the weight given to "skill level" would be four times as large as the weight given to the "working conditions" factor.

3.2.4. Evaluating Jobs

The actual evaluation of jobs is the stage where the highest possibility of contention and conflict arises. The process of awarding points for a particular compensable factor -- e.g., of determining whether the job conditions of a secretary merit 90 or 70 points (out of a total of 100 possible points) -- is notoriously inexact and subjective. Lawler (1986) has noted that one problem with the use of job evaluations in setting compensation policy is that job evaluations rewards dishonest job descriptions and encourages point-grabbing behaviour. In the context of the implementation of equal value, this problem becomes particularly severe. This is due to the fact that the best way for employees getting a higher rating for their job is to belittle the importance of other jobs.

The importance of careful selection of the job evaluation committee becomes particularly important at this point, since it is important to select employee representatives that have both the support and trust of the workers as well as the ability to take an unbiased approach to the evaluation of jobs. If the job evaluation process devolves into a point grabbing exercise, then the outcome will be a pay structure that neither satisfies employee's perceptions of equity nor supports the organization strategic objectives.

Unconscious forms of bias in rating can also be a serious problem. Schwab and Grams (1985) have proposed that there are three main ways in which bias in job evaluation can occur: direct bias where female jobs are rated lower, indirect bias where knowledge of prevailing market wages bias job evaluation results, and sex-of-rater bias. Research has shown that when jobs being evaluated have female-linked job titles, job evaluation scores tend to show downwards bias (Naughton, 1988; Arvey, 1986). In addition, it has been found that knowledge of market wage levels tend to bias job evaluation results, with jobs with high perceived market wages receiving high job evaluation scores, and jobs with low perceived market wages receiving low job evaluation scores (Mount and Ellis, 1987). Since women tend to be found in occupations with low wages, this form of bias has the potential to present problems by limiting the ability of job evaluation to eliminate the problem of discrimination in market wages.

Evidence for sex-of-rater bias does appear to be another source of problems. One example of how this form of bias operates involves empirical research findings that men and women tend to generate different descriptions of their jobs (Ferris, Fedor, Rowland, and Porac, 1985). One process that has seen widespread use is to have job incumbents and supervisors to independently evaluate jobs, and then a consultant or the Human Relations office holds conciliation meetings where the incumbents and supervisors try to come to a consensus job rating. Unfortunately, the gender effects of this process have received insufficient attention, although Fay and Hempel (1991) present some evidence that female job incumbents are more likely to accept a lower rating that are male incumbents. The implications of this are disturbing, since this would mean that job evaluation ratings for female-linked jobs would exhibit downwards bias.

3.3. Concluding Comments

As the foregoing indicates, the concept of comparable worth is clear and straightforward, but implementation of this concept inevitably raises a host of questions. The following section will discuss the conceptual rationale of comparable worth. To simplify the discussion, we will assume that a particular type (which we will call the "Prototype" or "Canonical" form) of comparable worth is implemented. In this canonical form of comparable worth, the legislature requires each employer to adopt a single job-evaluation system of its own (and in which, therefore, different employers are free to adopt different systems). All jobs at each employer are evaluated with respect to the same set of compensable factors, and the weights used in combining these factors are derived on an a prior basis rather than via a policy-capturing approach. Finally, if pay adjustments are warranted, they are effected solely by means of pay increases for predominantly-female jobs, with no explicit or implicit reduction in pay for any predominantly-male job.

4. The Rationale for Comparable Worth

We will present the theoretical case for and against comparable worth. In particular, we will show that if employee tastes are heterogeneous (which is the usual situation), then even an **ideal** job evaluation will not be able to determine the right values of jobs. Pay equity pay adjustments will thus create all sorts of inefficiencies in the economy.

4.1. The Case for Comparable Worth

When comparable-worth proponents look at the labour market, they do not see what the neoclassicala economist sees: pervasive competition with wage outcomes affected mightily by the supply of and demand for labour. Instead, they see what institutional economists and many sociologists see: labour markets that are inherently rigid and balkanized. Large firms promote from within based on rules and customs that have little to do with external labour market forces. Union agreements determine hiring rules and pay rates in uncompetitive ways. And segmented labour markets sort individuals into noncompeting groups largely on the basis of sex and to some extent race.

Comparable-worth proponents see the heart of the problem is seen as job segregation. Employers can no longer legally pay women less for doing the same work, but if they can shuffle them into a limited number of job categories, they can pay women in those jobs less than they pay for comparable jobs dominated by men.

To its proponents, the rationale for comparable worth is simple and straightforward: it seems self-evident that jobs should be paid on the basis of their worth or value to the employer, and that sex-related differences in pay that are not related to differences in job worth are discriminatory, and should be corrected.

Not only does the rationale for comparable worth seem obvious; its roots can even be traced Adam Smith, who is the father of modern economics. In Book I (Chapter 10) of Adam Smith's Wealth of Nations, Smith's celebrated discussion of compensating wage differentials begins as follows:

> The five following are the principal circumstances which... make up for a small pecuniary gain in some employments, and counter-balance a great one in others: first, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expence of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and fifthly, the probability or improbability of success in them.

Smith's argued that pay for jobs will depend on the jobs' characteristics, including skill, responsibility, effort and working conditions. Jobs that ask much in terms of factors such as these will have to offer a pay premium, or "compensating wage differential," to attract enough workers; jobs that ask little, or that offer agreeable working conditions may be able to attract more than enough applicants without offering high wages. Advocates of comparable worth have merely applied Adam Smith's logic to the issue of sex discrimination, by asking: If two jobs are indeed comparable but pay different wages, can the wage differential truly be called "compensating" -- i.e., warranted? If the wage differential is not related to the jobs' characteristics but is related to the sex of the incumbents in the two jobs, then is that not evidence of sex discrimination? To comparable worth advocates, the answers to these questions are clear and unambiguous.

Proponents of comparable worth also argue that job evaluation -- the cornerstone of comparable worth -- is straightforward and easily implemented: after all, commercial firms (e.g., the Hay Group) have been conducting such evaluations for almost a century.

Proponents add that implementing comparable worth does not require great amounts of statistical expertise, the analysis of data on thousands of employees, or reliance on powerful computers. Rather, once an employer's jobs have been analyzed and a point score for each job has been derived, one can easily determine whether pay is based on jobs' "worth" (or whether pay is affected by impermissible sex discrimination) using very simple regression analysis methods that require only a laptop or desktop computer of quite modest power.

Indeed, advocates say, comparable worth can be adopted quickly and inexpensively on an entirely voluntary basis, in contrast with the prolonged litigation that sometimes characterizes other kinds of anti-discrimination policies. If "justice delayed is justice denied," experience shows[1] that comparable worth is a swift and sure means of achieving equity.

Advocates also contend that comparable worth is particularly well-suited to the complex realities of the modern workplace. Job evaluation may be (almost) as old as the century, but it is also refined and developed with each new working day as commercial job evaluation firms adapt to changing labour markets. Indeed, job evaluation can be seen as an important technique of modern-day industrial relations and personnel management: even in a world that was wholly free of sex discrimination, it would be desirable -- and, in a rapidly-changing environment, particularly valuable -- to analyze jobs, develop detailed job descriptions and determine the worth or value of jobs; comparable worth job evaluations merely ensure that these end-products of human resource analysis are used to eliminate sex discrimination from the real-world workplace. Proponents of comparable worth see job evaluation as particularly important because, in many modern settings, "no simple logic of supply and demand explains the operation of the labour market; rather, the labour market is shaped by a complex, often

[1] See, e.g., Evans and Nelson (1989), who discuss the implementation of comparable worth in Minnesota state government employment.

counterintuitive set of principles..." (Weiler, 1986). Under these circumstances, relying on comparable worth is not simply an alternative to supply-and-demand analysis; it is likely to be far superior to it.

To be sure, some older versions of job evaluation have an almost medieval flavour, in that they seem to treat workers as remaining forever in the same job, ignoring the reality that individual workers may move frequently among different jobs, e.g., in response to changes in demand conditions. However, proponents would argue, job evaluation can quite easily address such circumstances. After all, job evaluation determines the value (and appropriate pay) of the job rather than of the worker. Translating pay rates for jobs into pay rates for workers is, therefore, a simple matter of pro-rating pay scales for different jobs: for example, a worker who spends one-third of his time in each of three different jobs will receive a wage that is a simple average of the pay rates for each of the three jobs.

4.2. Critique of the Case for Comparable Worth

Critics argue that comparable worth is based on an entirely false premise: contrary to its advocates, there is in fact no basis for thinking that job evaluations can determine the "value" (or "worth") of jobs; and there is also no basis for thinking that job evaluations can determine the wage rates that would or should prevail for such jobs in the absence of discrimination. Unequal pay for jobs of equal "worth" (as measured by a job evaluation) is not necessarily discriminatory; equal pay for jobs of equal worth is not necessarily nondiscriminatory.

The basic fallacy underlying both comparable worth and the naive theory of compensating wage differentials is the assumption that all individuals have identical tastes. If individuals' tastes are indeed identical, then comparable worth is correct in asserting that jobs of equal value will receive the same pay. However, if individuals have different tastes, then the simple analysis breaks down, and measures of "job value" derived from job evaluations can no longer be expected to provide a useful information about what pay differentials would be or should be.

As a case in point, it is instructive to consider Adam Smith's discussion of the wages of butchers. Smith felt that the trade of butcher was a "brutal and odious business," and suggested that this helped explain why butchers' pay exceeded pay in many other "common trades." However, as Rees (1976) has noted, this implicitly assumes that all individuals share Adam Smith's rather fastidious tastes. If enough people do not mind or actually enjoy the work involved in butchering, then it will be entirely possible to fill all positions available for butchers without any compensating differential in pay.

As this argument implies, wages in different occupations will depend, in general, on demand conditions (e.g., the actual number of positions available for butchers) as well as on supply conditions. Job evaluations investigate only factors (skill, effort, responsibility, working conditions, etc.) relevant to supply conditions (i.e., to workers' desired compensating differentials). Thus, since job evaluations provide no

information about demand conditions, they cannot yield meaningful information about the "value" of jobs or the wage rates that would actually prevail for different jobs, even in the absence of discrimination.

To make this more explicit, consider a simple economy with eleven workers and two jobs, police officers and clerks. All workers have identical skills; they also have identical tastes. All of them dislike the discipline and risk of being a police officer to the same extent, and they all require exactly the same compensating wage differential of $1 per hour to be a police officer. This means that they would all prefer to work as clerks if the compensating wage differential is less than $1; all of them would prefer to work as police officers if the compensating wage differential exceeds $1, and all of them would be indifferent between the two jobs if the wage differential is exactly $1.

Under these circumstances, of course, the community will be able to fill vacancies for both jobs only if the wage for a police officer exceeds that of a clerk by exactly $1. (After all, as just noted, if the compensating wage differential is less than $1, it will be impossible to recruit anyone to be a police officer, whereas if the compensating wage differential exceeds $1, it will be impossible to recruit anyone to be a clerk.) Thus, in this case, the wage differential is entirely "supply-determined," i.e., is determined exclusively by worker preferences -- the supply side of the market. On the other hand, actual employment in each of the two jobs is entirely "demand-determined," i.e., is determined by the number of vacancies for each job that employers need to fill: provided there is a wage differential of exactly $1, workers (supply) will be indifferent between the two jobs, so allocation of workers to these two jobs will depend solely on demand conditions. It is particularly important to note that, in this case, the market-determined wage differential is identical to each worker's desired compensating wage differential, which at least in principle could be ascertained by asking any of the workers for his or her evaluation of the two jobs.

Now abandon the assumption of homogeneous worker tastes, and suppose instead that, although they all have identical skills, the workers' tastes are heterogeneous: some workers love discipline and risks while others hate them. As each worker perceives the two jobs somewhat differently, each of them therefore requires a different compensating wage differential. As a simple example for purposes of illustration, suppose that the distribution of compensating wage differentials for the eleven workers is uniform with a mean of zero. Thus, the compensating differentials of the eleven workers are -5, -4, ..., +5; some workers have a strong preference to be a police officer, others have a strong preference to be a clerk, and the median (and mean) worker is "neutral," in the sense that he would be indifferent between the two jobs at a wage differential of zero. In particular, the worker with the strongest preference to be a police officer has a compensating differential of -5 (i.e., would be indifferent between the two jobs if the pay of police officers is $5 less than that of clerks); the worker with the next strongest preference to be a police officer has a compensating differential of -4; and so on.

Under these circumstances -- that is, when preferences are heterogeneous -- worker preferences do not, by themselves, suffice to indicate the appropriate compensating wage differential that will prevail in equilibrium. Rather, in these

conditions, the equilibrium compensating wage differential is supply-and-demand determined. For example, if the community hires only three police officers, then the compensating wage differential will equal -3 (and the three workers with the lowest compensating differentials, -5, -4 and -3, will in fact be employed as police officers). On the other hand, if the community requires eight police officers, then the compensating wage differential will equal +2, and only the three workers with the highest compensating differentials (+3, +4, and +5) will be employed as clerks.

Thus, when tastes are heterogeneous, a job evaluation is quite unlikely to provide useful information on the appropriate compensating wage differential or, therefore, on the absolute or relative "worth" of jobs. For example, in the situation just described, the compensating wage differential of the "average" or "representative" (e.g., median) worker -- which was zero -- tells us nothing about what the equilibrium compensating differential between the two jobs would be, even in the absence of discrimination.

The fundamental point is that statements about the "worth," "value" or "comparability" of jobs are simply statements about the tastes of given individuals (or given entities, e.g., job-evaluation firms or joint labour-management pay-equity committees). Whether the individual is representative of the entire workforce is essentially irrelevant: wage differentials depend on the entire distribution of tastes in the workforce, rather than just on the mean or median of that distribution. Rather than locate the tastes of the "average" or "representative" worker, a job evaluation would have to ascertain the compensating wage differential required by the marginal worker in a nondiscriminatory labour market equilibrium. It seems obvious that real-world job evaluations are not designed to determine, and are almost certainly not capable of determining, what this compensating differential might be (Killingsworth, 1987).[2]

To be sure, as comparable worth proponents would be quick to point out, real-world labour markets are much more complex than the simple hypothetical labour markets discussed here: for example, skills as well as tastes are heterogeneous; labour contracts may be long-term and/or implicit; and numerous institutions (e.g., taxation, collective bargaining, etc.) have powerful effects on both sellers and demanders of labour. However, precisely because real-world labour markets are so complex, there is very little reason to suppose that there would be any simple relation between pay rates and the "value" of jobs as measured by conventional job evaluations even if it were possible to eliminate all traces of gender bias from the wage structure.

Similarly, critics of comparable worth are not impressed by the possibility that comparable worth wage increases might be implemented more quickly than traditional anti-discrimination remedies: there is nothing particularly appealing about administering the wrong medicine, even if it acts more quickly than the proper medicine.

[2] As a simple example, suppose that a job evaluation awards police officers many "working conditions" points (on the grounds that police work is arduous and dangerous), so that the score of the police officer job exceeds that of clerical jobs. Does it necessarily follow that, in a nondiscriminatory labour market, police officers would or should be paid more than clerical workers? Not at all; if (as Adam Smith's discussion of butchers would suggest) enough people thrive on danger and think of police work as exciting, then it might well be possible to fill all available police officer jobs without any wage premium.

For that matter, it is far from obvious that comparable worth remedies can in fact be implemented more quickly than traditional anti-discrimination remedies: cases in Australia's wage arbitration system (which provides for a modest form of comparable worth) routinely take several years to complete; proceedings in Canada involving "pay equity" claims for civil servants and postal workers began in the early 1990's and the end is still not in sight.

Though the rationale for comparable worth is weak, equal value policies have been implemented in many jurisdictions. The next section will cover the experience of equal value policies in these jurisdictions.

5. Equal Value in Other Jurisdictions

While the concept of equal value is new to Hong Kong and to other Asian societies, Western societies have been struggling with implementing equal value for several decades. In order to better understand some of the managerial and employee relations issues that are involved in the implementation of equal value, it is instructive to consider the experiences that those countries that have implemented equal value requirements have experienced. Countries that have tried some form of equal value requirement are: the UK and the European Communities, Canada, the US, and Australia. The requirements and implementations have differed in these locations, and so the experiences have differed slightly. Accordingly, the requirements and implementation of equal value in these jurisdictions will be compared and evaluated.

The majority of the published careful analysis and evaluation of the effects of equal value policies have relied upon legal, or more frequently, economic analysis. In particular, the American researchers have been responsible for the majority of the published evaluations. The economic evidence of the effects of equal value policies will be presented later. The focus of this chapter will be upon detailed concerns associated with the implementation of equal value, and with the managerial issues associated with equal value.

5.1. Equal Value in the UK and the European Community

The European Communities have a long experience with equal value, being incorporated in Community law from the founding of the community. Members of the EC are required by Article 119 of the EC treaty to maintain the principle of "equal pay for equal work." This was later extended by Equal Pay Directive 75/117/EEC to also include equal pay for work of equal value. The actual specification and implementation of equal value legislation is left to individual countries. For this reason, the experiences of individual member countries naturally vary.

Despite the fact that the equal value requirement has been in force since 1975, as of 1994 a number of member states (France, Luxembourg, Greece, Italy) had not yet had any litigation involving equal value (Commission of the European Communities, 1994, p. 8). This might be due in part to the fact that a number of countries (Luxembourg, Italy, Belgium, Spain, Greece, Portugal) do not clearly define equal value in their legislation, while the majority of litigation that has occurred was concerned with the concept of equal pay for equal work (Commission of the European Communities, 1994). This lack of litigation should not be interpreted as evidence that discrimination does not exist in these countries, since the observed wage gaps would not support such a conclusion.

The United Kingdom has had the largest amount of litigation involving equal value, and as a result the most extensive evidence regarding the effects of equal value

comes from the United Kingdom. Wage gaps do not appear to be worse in the UK than elsewhere in the EC, and some observers have interpreted this to mean that most member countries in the EC do not take equal value seriously (Rhoads, 1993). In part, the amount of litigation in the UK might also be due to the fact that the law in the UK is quite precise and clear on what protections are provided.

The UK and Ireland are also the only EC member countries that use analytic methods to determine job worth, while non-analytical processes are more commonly used in the other countries (Commission of the European Communities, 1994, p. 19). While no means of determining job value is completely objective, the use of formal point-factor job evaluation methods as are used in the UK and Ireland are less subject to bias than are the whole job (non-analytical) methods used elsewhere in the EC. For these reasons, and the fact that Hong Kong law is based upon the British common law, the discussion in this section will concentrate upon the UK's experiences with equal value.

5.2. The UK Tribunal System

The UK adopted a tribunal system for evaluating equal value complaints. The intention behind adopting the tribunal approach was to implement a system that was "quick, cheap, accessible, informal, and expert" (Dickens, 1978, p. 4). The tribunal consists of three members, with a lawyer acting as the chair. The other two members are selected by the Department of Employment from lists provided by the employer and the union. In addition, while the tribunal was meant to be cheap and informal, there are three levels of appeal available. Finally, an "independent expert" acts to evaluate the plaintiff's complaint, and makes a recommendation to the tribunal.

The process begins with a female plaintiff lodging a complaint. In that complaint, the plaintiff will make a claim stating that her job is equal in value to specific other male jobs that are receiving higher rates of pay. Once the three-member tribunal is created to evaluate the complaint, and an expert is chosen by the Advisory Conciliation and Arbitration Service. This outside expert then either supports or rejects the claim that has been made by the plaintiff. Due to the rules of tribunal, it is very difficult for either the plaintiff or the employer to challenge the expert on rules of fact. Perhaps as a result, the tribunals tend to support the judgment of the expert.

The experts have a great deal of discretion in making their decisions, since they are not constrained in what compensable factors they must use. In the law, equal value is defined in terms of "the demands made on her (for instance, under such headings as effort, skill, and decision [making]" (Hepple, 1984, p. 16). Under this definition, there is no allowance for job comparisons to market values, job productivity levels, or strategic needs of employers. Comparisons to other employers are not considered. Finally, it must be pointed out that the expert is not completing an exhaustive job evaluation exercise, but is instead only considering the plaintiff job and the few male comparison jobs chosen by the plaintiff.

The tribunal system was supposed to be a quick and inexpensive way of

handling equal value claims, but experience has not been in line with expectations. The experts were initially expected to complete their reports within 42 days, but have ended up taking 12 months on average. The total time from the appointment of the independent experts to the final decision of the tribunal has averaged 17 $^{1}/_{2}$ months (Rhoads, 1993, p. 165). In addition, legal representation and appeals are both common, yet at the same time that the process has become legalistic, it has not yielded consistent results. This is due to the reliance upon independent experts that are not provided any standard set of guidelines on what compensable factors to use, and thus the experts tend to rely upon different procedures to determine job value.

5.2.1. An Incomplete Job Hierarchy

The most serious difficulties arising from the UK system appear to stem from the fact that the Tribunals do not examine the entire job hierarchy. Female plaintiffs do not need to show that the salary structure is discriminatory, but instead only need to find **one** equivalent male job that is paid a higher wage. Due to historic reasons such as past labour shortages, or due to high seniority levels within the job, or any other reason, there are often jobs that might be considered to be overpaid if only job characteristics are considered.

5.2.2. Inconsistency and the Independent Expert

Independent experts are used by the tribunals to evaluate the claims of the plaintiffs. In evaluating the claims, the experts are not constrained by any requirements on how they base their judgments. The UK Equal Opportunities Commission (1993) provides guidelines on how companies can choose bias free job evaluation factors, but the experts are not constrained to use any particular set of factors or any particular rating scale. The result of this lack of regulatory guidelines is that there is a lack of consistency across the methodology and decisions of different independent experts.

The end result of this lack of consistency are situations where different firms have to pay widely divergent wages to their employees. There are examples where different tribunals have found different relative values of jobs for different firms within the same industry. For example, the expert examining female machinists (sewing machine operators) and male upholsterers at Alstons furniture company determined that the female machinist’s jobs were equal to those of the male upholsterers, while two different experts found that the machinist’s jobs were worth less at both Bouyant Upholstery Frayling Furniture Ltd. (Equal Opportunities Review, 1989). The fact that the experts had to follow no consistent set of guidelines has resulted in different companies within the same industry being forced to pay widely divergent salaries, and this has had negative influences on the profitability of companies that must pay wages that diverge from industry norms.

5.2.3. The Role of the Labour Union

The current trend in the UK away from centralized wage setting towards decentralized wage setting, and towards personalized employee contracts, is a topic of concern to equal value advocates (Rubery and Fagan, 1994). These trends are seen as increasing the likelihood that pay discrimination can occur. With declining membership and strength of unions, the ability of unions to act as check against pay discrimination is reduced. In fact, this decrease in union strength is one factor that is allowing employers to make these changes in compensation policy.

In theory, equal value claims can be made by individual plaintiffs, but in practice equal value claims tend to be pursued by labour unions. Unions filed 95% of the claims were put forward in 1989 (Equal Opportunities Review, 1990). One reason that unions have taken a lead in pursuing equal value claims is that it gives the unions an issue to help combat declining union membership. More importantly, the costs and delays of the tribunal process and attendant appeals makes the support of the labour unions necessary. In order to make claims possible for plaintiffs that are not union members, the EOC does provide support for the claims that are viewed as having the most merit.

5.2.4. The UK System in Review

While the tribunal system was supposed to give quick and efficient judgments, the process has not lived up to these expectations. The main problems that need to be considered are:

1. Lack of guidelines for the independent experts mean that outcomes are highly inconsistent across companies.

2. Business strategies and labour market conditions are not considered acceptable defenses against equal value claims.

3. Equal value claims are not based upon a consideration of the entire salary hierarchy, and thus tends to make the salary hierarchy even more inconsistent.

4. Equal value claims can be based upon any number of jobs, and the comparator can be chosen to be a single individual in a single job.

5.3. Recent trends in the UK and the European Community

Conceding to the pressures of global competition, restructuring and corporate down-sizing, it appears that both the European and British efforts in pay equity have shifted away from a legalistic (and coercive) approach to a suasive one - as attested by a dual set of codes of practice promulgated, almost concurrently in 1996, by:

1) the Equal Opportunities Commission (EOC) in the UK (UK Equal

Opportunity Commission, 1996), and

2) the European Commission (EC), whose code of practice was first published in 1994, under the auspices of its Memorandum on Equal Pay for Work of Equal Value (European Commission, 1994).

The UK Code of Practice is broadly analogous to the EC Code in a number of aspects. Both instruments recommend, as the "best way" to address sex discrimination in pay, voluntary review by employers of their payment systems for sex biases.

There appears to be a creeping change of mood in the judicial opinions held in Britain and also, slowly in the European Union conceding the need for adjustments and flexibilities to cope with growing adversities in the world of business competition as the latter intensifies globally. Now it has become almost inevitable for court decisions to reconcile with the imperative of market forces, conceding that the latter can constitute an acceptable defence to all equal pay claims. Both the British House of Lords as well as the European Court of Justice have acknowledged that "the state of the labour market may justify paying different rates of pay to those employed in equal work." Therefore, in both *Rainey* and *Enderby*, the court accepted that an employer might justify paying one individual higher than another hired for equal work "if it was necessary to do so in order to attract candidates" to fill a vacancy because of a shortage of suitable qualified personnel in the market (Industrial Relations Law Bulletin, 1994: SSS2-SSS10).

The recommendations presented by the European Parliament in its report on the Memorandum on "Equal Pay for Equal Value", adopted in December 1995, clearly betrays a preference for a non-legalistic approach as the key leverage in promoting and achieving these objectives as the turn of the millennium is on the doorstep. The Commission pledges to aim at promoting such initiatives as (European Commission, Employment and Social Affairs, 1996, p. 21):

- campaigns to raise awareness and provide information on equal pay for work of equal value, targeting, in particular, employers, employees, and/or their representatives, as well as the parties involved in collective bargaining;

- the training of experts who can study and propose practical solutions to resolve problems affecting equal pay;

- the greater involvement of women in the processes of collectively negotiated wage settlements;

- the identification, examination and exchange of best practice likely to enrich the European Code by providing concrete examples of the type of measures that it proposes as well as their practical implementation.

5.4. Equal Value in the United States

The United States has been much less receptive to equal value than have been the UK and the European Communities. One major difference has been that, unlike the EC where central directives have required all member countries to implement equal value policies, the United States has had no national level equal value policies or legislation. However, the United States has had a strict equal pay for equal jobs requirement since the Equal Pay Act of 1963. Under the Equal Pay Act, jobs must be identical in requiring equal skill, effort, and responsibility. Notice that the term used is equal, not equivalent, which has precluded any attempts to use this Act to argue equal value cases. In addition, the Equal Pay Act explicitly allows for pay differences that arise from legitimate seniority rules, merit systems, or any system that relates quantity or quality of production to pay levels.

In contrast to other countries, the effects of implementing equal value have been widely debated within the U.S. Not only have advocates and business interests been active in this debate, but so have academicians. Further, unlike the case within Europe, the primary discussants have been economists rather than lawyers (Rhoads, 1993). In fact, this widespread discussion of the effects of equal value is one factor that has prevented any widespread adoption of equal value requirements. Without the political consensus to pass national level legislation mandating equal value, the experiences within the U.S. have been drawn from state governments, and have been restricted to public sector employees.

The first state to examine equal value was Washington State, which commissioned the first equal value study in 1974. However, it was not until 1984 that the first small adjustment was made, and then only as a result of a lawsuit *(AFSCME v. Washington)* brought by the main employee union (The American Federation of State, County and Municipal Employees, AFSCME) (Gunderson, 1994). In Oregon State, the legislature passed a law requiring equal value for state employees, but in practice the implementation has focused more on poverty relief rather than upon reducing female/male earnings gaps (Acker, 1989). A number of other states have passed equal value mandates covering all state employees, but the best known and most researched example involves the experiences in Minnesota. Minnesota is an interesting example because the laws provides coverage for both state level and municipal level employees. The remaining discussion will concentrate upon Minnesota's experiences, because equal value "has proceeded further in Minnesota than in any other state in the Nation" (Evans and Nelson, 1989, p. 3).

5.4.1. State Level Coverage in Minnesota

The State Employees Pay Equity Act was passed in 1982, requiring that pay be based on the value of the work performed. Evans and Nelson (1989) state that equal value has received wide spread support with Minnesota employees, but they also note that fully 45% of the employees that have received pay increases due to the new equal value program were not even aware of this fact (Evans and Nelson, 1989, p. 170). This low level of awareness was due to the fact that the adoption and implementation of equal value was deliberately kept low key.

The state uses the Hay system to evaluate the value of jobs. Under the Hay system, jobs are evaluated using four different factors: know-how, problem solving, accountability, and working conditions (Hay and Purves, 1984). Jobs are classified into male or female jobs if 70% or more of the incumbents are male or female, respectively. Jobs that do not fall into these two categories are called balanced jobs. Every other year, the Commissioner of the Department of Employee Relations (DOER) will submit a list of male and female dominated jobs for which compensation inequity exists, and additional pay increases are given to the female jobs. In practice, the state estimates a pay line for male jobs, and then compares female jobs against the male pay line.

The law as passed by the state legislature is gender neutral, and does not require or limit the state to focusing on female jobs. Instead, what the law requires is for the state to insure that all jobs are paid in accordance to the value of the job. However, in practice the founding Commissioner of the DOER has chosen to interpret the law as only applying to female dominated jobs. Thus, male and balanced jobs that fell below the Hay line were not entitled to pay increases.

One result of this decision has been that the jobs entitled for consideration for equal value increases can change through time. For example, if a job was formerly 69% female dominated, then slight changes in employee composition could cause this job to change from being a balanced job to a female job. Given the limitations on the state budget for equal value pay increases, these newly female dominated jobs do not automatically receive equal value pay increases. However, in 1989 fully 14% of the people working in the balanced job class received equal value pay increases because their jobs were in the original female job list of 1982 (Sorenson, 1990, p. 24).

5.4.2. Some Effects of the State Level Implementation

The state level implementation has not created any dramatic difficulties, in part due to the low key implementation, but definite difficulties have arisen. These include problems with feelings of dissatisfaction from workers that were not in female jobs, and increased problems with pay compression. Some of these problems have arisen as a result of the Commissioner's decision to restrict enforcement of the law to female jobs. Employees in balanced jobs and male jobs that were paid below the line were particularly upset about the effect that the equal value pay increases were having on relative pay levels.

The decision to restrict enforcement of the law to female jobs created particularly strong feelings of inequity among employees in low paid male jobs. These jobs came predominantly from the Department of Natural Resources, which has a number of jobs which required high levels of education but have traditionally paid low wages: forester, naturalist, wildlife and fisheries managers. The workers in these jobs initially supported equal value, but when they found that they were not eligible they considered filing a lawsuit against the DOER. After several years of argument, the Minnesota Association of Professional Employees filed a "General Wage Inequity" complaint on behalf of the workers in these male jobs that were paid below the Hay line.

The basis of this complaint was that the law required that all jobs be paid according to their value. Rather than face a lawsuit, the DOER finally gave the male jobs below the line a pay increase. One additional effect of this decision has been that all of the various employee unions have been pressing the state to pay all jobs according to the Hay line, thus further increasing the pay of state employees in a state that already had some of the highest public sector salaries (Evans and Nelson, 1989, p. 96).

Minnesota, like most public employers in the US, has traditionally had problems with pay compression. Pay compression is the state when there is inadequate difference in salaries between different levels in the pay hierarchy. Due to political pressures, Minnesota would deliberately pay managers less that the private sector, while low level jobs would typically be paid higher wages than was paid in the private sector. This would result in small pay differences between subordinate and supervisor, and equal value only exacerbated the problem. In one case, clerical officers received $10 per hour, while their supervisors received $11 per hour, despite the fact that the supervisors had all spent four years in college (Rhoads, 1993, p. 48). In fact, situations have even occurred where promotions were accompanied by pay **decreases** (Minneapolis Star and Tribune, June 10, 1985, p. 9A). These problems were eventually solved by increasing the job ratings of the lower level supervisory positions, thus further increasing labor costs.

5.4.3. Local Level Coverage in Minnesota

Additional legislation requiring local (i.e., county and municipal) governments and school districts to implement equal value was passed in 1984, two years after the initial legislation covering state employees. One important difference is that the state law required equal value as "the primary consideration", while the law covering local governments requird equal value as "a primary consideration." This seemingly minor difference is actually important, since it allows local governments considerably more leeway in allowing for labor market conditions. Another important characteristic of the legislation is that it did not specify the way in which jobs were to be evaluated. It appears that the DOER intended that the local level governments would use the same Hay system that the DOER used at the state level, but as it turned out, the local governments more often hired consultant firms to conduct more complex job evaluation schemes.

Which Market Line?

The fact that the law left the details of the job evaluation and equal value implementation up to the localities has led to great differences in implementation across localities. A large number of consultants were involved in helping all the local governments implement equal value programs, and the different consultants all had different ideas about how to implement equal value. One particular point of contention was the choice of wage lines from which to base the equal value adjustments. When estimating wage lines, the jobs used to estimate the wage line can be: all employee jobs, balanced jobs, male jobs, or female jobs.

The DOER favors estimating the wage line for male jobs, and using that line as the basis for setting wages in the female jobs. Instead, the all employee line has proven to be the most popular choice (Rhoads, 1993, p. 58), for a variety of reasons. One reason is that the all employee line is the most stable wage line to estimate. Since the number of male jobs are much lower, this estimate is more sensitive to the effect of having one or two jobs being paid extremely high or low wages. Another reason for the low stability of the male job line is that changes in employee population can cause the set of male jobs to change. This can happen if one or two women are hired, changing a former male job into a balanced job.

A second reason for favoring the use of the all employee wage line as the basis for evaluating equal value is due to the fact that the male line tends to be the highest, and the female line is the lowest, and the all employee and balanced job lines tend to fall somewhere in between the two extremes. Therefore, if the all employee line is used (which is almost always lower than the male job line), then smaller equal value wage increases will be required for the female jobs that fall below the line. A final reason for using the all employee line is that this allows administrators a reason to argue for pay freezes for the male jobs that are above the line, which can then be used to offset the increase in labor costs associated with having to increase wages in female jobs. If the male line is used as the basis for setting pay, then large pay increases are requirement for female jobs, and there is no basis for any offsetting wage savings. In 1990, the legislation was modified to force local governments to compare female jobs to male jobs, but the legislation was later modified again. At present, a highly complex set of rules govern the choice of jobs used for estimating the pay line, but up to 80% of the jobs included can be balanced jobs (Office of Revisor of Statutes, 1996, Minnesota Rule 3920.0500).

Another fine point is that the use of the all employee line allows changing pay for all jobs to the wage line, while DOER practice is to ignore balanced jobs. Despite the fact that the DOER argues that the intent of the law is to only require adjustments to female jobs, according to the Arthur Young consulting company, only 29% of the localities have chosen to adjust only female jobs, while the other 71% have made pay adjustments to all jobs that are inequitably paid (cited in Rhoads, 1993, p. 59). One result of ignoring balanced jobs is that females in low paid balanced jobs do not benefit from equal value pay increases. Carried to an extreme, this can result in increased occupational segregation, since female employees will want to move into female jobs in order to benefit from equal value pay increases, and this in turn decreases the incentive for women to move into high paying male jobs.

Evasive Techniques

The localities have used a number of evasive techniques to avoid the necessity of increasing wages for the female jobs. One common method is to adopt a two-tiered wage schedule. Under such a policy, existing employees continue to receive their original salaries, while newly hired employees receive a much lower salary. Then, when the wage line is calculated, the wage used is the “official”, low salary, rather than the high salary paid to the senior incumbents. This has the effect of lowering the wage line, and can thus act to lower the pay increases paid to female jobs. In response to this

problem, the DOER has issued rules requiring that each tier be treated as a separate job for purposes of estimating the job line (Office of Revisor of Statutes, 1996, Minnesota Rule 3920.0300, sub. 5.A).

Another evasive technique has been to contract out either high paid male jobs or low paid female jobs. Since these jobs are no longer directly employed by the organization, there is no need to make any pay adjustments to either those or to the other jobs. The law did not cover part-time employees, and so enforcing strict limits on hours worked can help municipalities to avoid compliance problems. Yet another easy way to evade compliance is to hire a few males into low paid female jobs, thus converting those into balanced jobs. In the final analysis, the job evaluation process turned out to be so easy to manipulate that these other evasion techniques were not really necessary. There are reports that municipalities would conduct multiple job evaluations, and then choosing the one with the results that would lead to the smallest pay increases. Since there are so many legitimate reasons for different job evaluation processes to end in different results, spotting manipulated job evaluations is difficult, and the only possible remedy would be to amend the law to require a specific job evaluation method to be used.

Other Implementation Difficulties

The composition of the job evaluation committees appears to have had a large influence on the ultimate outcome of the job evaluation process. Advocates of equal value have admitted that "Everyone had discovered that the people who controlled job evaluations won the comparable-worth sweepstakes" (Evans and Nelson, 1989, p. 25). Rhoads (1993) has extensively interviewed individuals involved in the process on their experiences, and the consensus appears to be that the end results are highly influenced by the persuasion skills of the employee representatives for each job, and that highly similar jobs often ended up with very different ratings.

The job evaluation process also had the effect on increasing animosity between different employee groups. In many cases, employees receiving pay increases felt that the increases were inadequate, while those not receiving increases were upset about not receiving increases. The process by which the ratings were achieved often led to employee resentment, since a favored tactic by representatives to receive higher ratings for their job would be by belittling the value of a higher ranking job. The DOER, in their guide to implementing pay equity, had believed that a high level of employee involvement would minimize these problems, but the experiences of the Arthur Young consulting firm led Arthur Young to recommend minimal employee involvement. The most common result of pay equity appears to have been to have "bred so much jealousy and discontent that small-town city halls and county courthouses have become almost impossible to work in" (Minneapolis Star and Tribune, May 6, 1990, p. 8A).

The necessity to pay according to equal value principles has led to shortages and surpluses in certain jobs. Despite the fact that the public sector has traditionally suffered from salary compression, the majority of jobs for which salaries had to be

frozen were from the skilled and technical fields (Rochester Post-Bulletin, Oct. 11, 1986, p. 1A). This made it even more difficult to attract skilled applicants. At the same time, long lines developed for secretarial positions since pay for those positions exceeded private sector levels by one-third. Since the law only requires that equal value principles be a primary consideration, rather than the primary consideration, one solution used by municipalities has been to makes labor market adjustments, but employee litigation makes this a difficult route.

The public sector does not have any direct competitors for most of the services provided, so it is difficult to determine the competitive effect that equal value has had. There is one area for which there is a private sector counterpart, and that is in the area of subsidized child care provided to public employees. In response to the required increases in wages for child care workers, most centers have been forced to either increase the number of children cared for without adding staff, or else have had to reduce the number of staff (Swenson-Klatt and Boyer, 1991). Since these day care centers usually rely heavily upon usage fees for their funding, the necessity to pay above market wages has clearly impeded their ability to compete with private day care centers, despite the fact that these day care centers for public employees also receive public funding that the private centers do not receive.

5.4.4. The Minnesota System in Review

Minnesota has the most extensive equal value system in the United States, but the coverage is restricted to public sector employees. While it is difficult to judge the competitive effects of equal value, there are a number of other cautions that arise from Minnesota's experiences.

1. Despite the similarity of public sector jobs across the state, there was wide variation in the job evaluation results. These differences were the result of both honest differences in value perceptions, as well as the result of political processes within the job evaluation committees. Larger variations are to be expected across firms from different sectors of the economy, or from firms following different business strategies.

2. The market line from which to base equal value pay increases needs to be clearly specified. Using the all employees line will result in the most stable estimates, but will also result in lower pay increases for female jobs.

3. It is easy to evade the law if so desired, and it would take a highly complex body of law in order to eliminate all the possibilities of evasion.

4. Equal value exercises create a great deal of ill-will among employees, since the process pits employees against employees in a battle to receive higher point totals. High levels of employee involvement in the process

appears to make this problem worse.

5. Since pay equity comparisons are made against a pay line, rather than against specific individual jobs, Minnesota doesn't have the same problem with single "Perverse" jobs that the UK does.

6. By concentrating upon female jobs that are below the estimated pay line, incumbents in low paid male and balanced jobs become very dissatisfied. Paying all jobs according to job evaluation points is often perceived as more equitable, but pay increases for male jobs can strike some as peculiar.

7. It must be decided whether pay equity can be satisfied through the freezing of overpaid male jobs, through pay increases for underpaid female jobs, or though a combination of both of the approaches.

5.5. Equal Value in Australia

Australia has often been cited as a successful example of equal value in action, but the method that Australia has used to fix wages has proven to be highly non-competitive. Since 1904, the government has had a work tribunal system to mediate wage disputes, and this system was gradual expanded to cover wage negotiations throughout the economy. By the late 1980s, wage awards made by federal and state commissions covered around 85% of all employees in Australia.

The most common wage setting principle was Comparative Wage Justice (CWJ), which monitors wage consistency both across and within occupations. Unlike a formal job evaluation system, CWJ has not relied upon any form of analysis of job content. Instead, CWJ has relied heavily upon pay differentials from the distant past, but compressed to make wages more equal. As far back as 1942, Justice Kelly, an influential federal judge, stated that "a wage fixing authority cannot but pay great regard to wage relationships established by past experience in an industry and in industry in general" (Isaac, 1986, p. 86). Increasingly through time, wages tended to drift further and further from where a properly functioning labor market would have put them. Another result of CWJ has been what the Australians call "flow on", where unions would use a negotiated wage increase for one occupation as the justification for matching wage increases in all other occupations.

In many occupations, it was traditional to maintain separate wage rates for men and women, but these differences were gradually eliminated through the 1960s. In 1969, the federal Commission (what is now called the Industrial Relations Commission) implemented an equal value requirement. Since wage setting is not based upon formal job evaluations, in effect what has occurred has been the arbitrary increase in wages for women jobs.

5.5.1. Dismantling the System

Despite the undoubted success in reducing the wage gap between men and

women, the wage system used in Australia is not really an equal value system as the normal use of the term would imply. In an important 1972 equal value case, the Commission stated that "the value of the work refers to worth in terms of award wage or salary fixation, not worth to the employer". In other words, the value of the job is based upon past wages, not upon job characteristics. Because wages throughout the economy were becoming increasingly separated from labor market conditions, the Australian economy became increasingly uncompetitive.

Economy wide wage setting has had a further effect of forcing all employers to pay the same wages, thus restricting the ability of employers to implement different strategies. For example, an employer following a cost minimizing business strategy would want to minimize labor costs, while an employer following a quality business strategy would be willing to pay higher wages for higher quality workers. Under the economy wide wage setting system, these forms of strategic differentiation were very difficult to implement.

The wage compression resulting from the tribunal system has led to well documented shortages in skilled labor. The problems that Qantas had in attracting skilled aircraft maintenance workers led it to start shipping its aircraft to other countries for maintenance in the late 1980s. Since Qantas was forced to pay low wages for these occupations by the tribunals, they were forced to pay other countries, nationals high wages rather than paying higher wages in Australia.

In response to all these problems, Australia has had to decentralize wage setting. There is now direct negotiation between individual employers and unions. Without some other mechanism in place, the future of equal value in Australia remains to be seen.

5.5.2. The Australian System in Review

The fact that Australia has managed to close the gap between male and female earnings has made it a favorite example for equal value proponents, but a number of features of the Australian system make it a poor example to follow.

1. The system of centralized wage setting allowed economy-wide decreases in the male/female earnings gap, but at a tremendous cost in economic competitiveness and increased unemployment levels.

2. Increases in wages for female jobs was not done as a result of consideration of job value, but through administrative fiat. This lead to increased unemployment as employers reduced their demand for these "overpaid" jobs.

3. By not taking into consideration differences in business strategy, the centralized wage setting inhibited the ability of firms to differentiate their products.

5.6. Equal value in Canada

Section 11 of the Canadian Human Rights Act passed in 1977 states that it is discriminatory for employers to pay different wages to men and women performing work of equal value. The Canadian Human Rights Commission ensures compliance with federal equal pay policy in cooperation with Labour Canada. Under the Act, the Commission has a mandate to address the problem of unequal pay by investigating employee complaints rather than by setting mandatory timetables as required by some provinces (Canadian Human Rights Commission, 1996).

Anyone working within the federal jurisdiction can file a complaint with the Commission. This includes employees of the federal public service; crown corporations; the banking, transportation and communication industries and any other company which falls under federal authority.

Once a formal complaint is signed by the employee, the Commission appoints an investigator who conducts a three-stage investigation - collection of job information, analysis of that information with a job evaluation plan and calculation of any pay adjustments needed to eliminate wage discrimination.

At the end of the investigation, the investigator reports the findings to the complainant and employer, and makes a recommendation to the Commission regarding further action. If the parties have not reached agreement between themselves during the investigation, and the Commission believes that wage adjustments are necessary, a conciliator may be appointed or a tribunal established to settle the case. Tribunal decisions may be appealed to the courts.

Since it became federal law in 1978, approximately 70,000 employees have received equal pay increases as a result of cases involving the Commission. Equal pay has been achieved between librarians and historical researchers, kitchen workers and janitors, and nurses and paramedics, to name just a few. Women and men working in female-dominated sectors who have had complaints resolved under the Act have been awarded an average, of about $50,000 each in retroactive adjustments and $2,300 each in ongoing yearly payments.

As a whole, the Canadian equal value process tends to be slow, laborious, confrontational and limited in its overall effectiveness. Litigation can be extremely lengthy. The suit against the Treasury Board of Canada began in 1991 and a judgement is still being awaited. The suit against Canada Post began in September 1992, and the hearing (lawyers taking testimony etc.) is not done yet.[1] These interminable legal proceedings are attributable in part to the difficulties of ensuring that job evaluation systems are truly neutral with respect to the incumbent's sex, and in part to complex methods for calculating wage adjustments.

After surveying experiences elsewhere, we come to the situation in Hong Kong

[1] Information provided by the external expert, Mark Killingsworth.

in the next section.

6. Gender Wage Differentials in Hong Kong

Using data from the 1981, 1986, 1991 and 1996 population censuses, this section studies the size and trend of the gender gap in Hong Kong.[1] The following questions will be examined:

1. Has the gender gap narrowed over time? If so, what are the factors accounting for the decrease in the gender gap?

2. To what extent is the gender gap is caused by labour market discrimination, as opposed to differences in such factors as education and experience?

3. Which problem is more serious, gender earnings gap or occupational segregation? Sex discrimination policy in hiring and promotion would be the preferred policy to deal with occupational segregation while pay equity may be helpful towards reducing gender earnings gap.

6.1. Analysis of the Gender Wage Gap

6.1.1. Determinants of Monthly Earnings: The Mincer Equation

To gauge the impacts of discrimination and other factors such as education and experience on monthly earnings, we first estimate the following general Mincer (1974) type human capital earnings equation:

$$\ln(\text{earnings}) = \beta_1 + \beta_2 \text{Education} + \beta_3 \text{Experience} + \beta_4 \text{Experience}^2 + \beta_5 \text{Female} + \beta_6 \text{Married} + \beta_7 \text{Widowed} + \beta_8 \text{China} + \beta_9 \text{Foreign} + u \quad (1)$$

where u is a random error term. This model assumes that an individual's monthly earnings are determined by his/her endowments or characteristics, including education, experience, gender (male or female), marital status (married, widowed/separated, and single), whether the person was born in China (including Taiwan), and whether the person was a foreigner (i.e. not in Hong Kong or China). The variable "Experience" is the "potential experience" and is defined as age minus years of schooling and 6. The dependent variable is measured in the logarithmic form as it often fits the data better than the non-logarithmic form and the coefficient on education can be nicely interpreted as the return to education.

Two models are estimated. In Model 1, education is measured as a set of 7

[1] For earlier studies of gender wage gaps in Hong Kong, see Lui and Suen (1993, 1994), Suen (1995), and Chung (1996).

dummy variables, primary, lower secondary, upper secondary, matriculated, craft/technical, tertiary non-degree, and tertiary degree; it represents the highest level of education ever attained by a person. In Model 2, education is measured as a single variable, years of schooling.

The models are also estimated with and without observations on foreigners in the sample. Looking at the sample without foreigners is useful since it eliminates the influence of the large domestic helpers from overseas.

6.1.2. Estimating Wage Discrimination

There are different ways of examining the gender wage differential. The simplest way is to assume that, for the same personal endowments, male and female wage levels differ by a constant (intercept differential). The market does not pay males and females different prices for their endowments (i.e., no slope differential). Hence, the gender wage differential is determined by the intercept differential and it can be captured by adding a gender dummy variable into a wage equation to detect the degree to which women are discriminated against. This type of study is very common in the early stage of gender wage differential analysis.

6.1.3. The Blinder-Oaxaca Decomposition

The above approach, however, ignores the fact that the market may pay men and women differently for their human capital and other endowments. Blinder (1973) and Oaxaca (1973) developed similar decomposition approaches to partition the gender wage differential into components caused by two factors: specifically, a difference in productivity, and an unexplained component that is often referred to as discrimination.

Let W represent the wage and X_i the characteristics (e.g. education, experience) of the with individual. Equation (1) can be written simply as

$$\mathbf{In\ W}_i = \mathbf{X}_i \beta + \mathbf{u}_i, \ i = 1, 2\ldots, N \qquad (2)$$

where β are the coefficient parameters to be estimated and N is the sample size. The Blinder-Oaxaca approach requires estimation of Equation (2) for male and female samples separately. Their decomposition of the wage differential can then be written as:

$$\overline{\ln W^m} - \overline{\ln W^f} = \overline{X}^f\left(\hat{\beta}^m - \hat{\beta}^f\right) + \left(\overline{X}^m - \overline{X}^f\right)\hat{\beta}^M \qquad (3)$$

where $\hat{\beta}$ are the OLS estimate of the parameters β from Equation (2), and a bar over a variable denotes the mean value. The first term is the portion of the unexplained wage differential, which is usually regarded as the differential attributable to discrimination.

The second term is attributable to different endowments.

A practical consideration associated with the adoption of Blinder-Oaxaca approach is the index number problem. This refers to the fact that the decomposition of the gender wage gap is not unique. In Equation (3) the weights used for the two terms are $\bar{X}^f$ and $\hat{\beta}^m$ respectively. This is sometimes referred to as a male-weighted decomposition, in the sense that the current male wage structure would be adopted in the absence of discrimination. These weights can be replaced by $\bar{X}^f$ and $\hat{\beta}^m$ to yield a female-weighted decomposition,

$$\overline{\ln W^m} - \overline{\ln W^f} = \bar{X}^m\left(\hat{\beta}^m - \hat{\beta}^f\right) + \left(\bar{X}^m - \bar{X}^F\right)\hat{\beta}^f \qquad (4)$$

We will report results for male-weighted decomposition.

6.1.4. Interpretation of the Model

The Blinder-Oaxaca decomposition shows part of the gender gap can be explained by differences in workers' characteristics such as education and experience. What is left "unexplained" may be a result of labour market discrimination.

It must be stressed that the unexplained part of the gender gap may be due to factors other than discrimination. Part of the unexplained gap may be due to variables that are not included in the model. If such variables affect earnings, they can account for a significant part of the unexplained gap. For instance, it is likely that men work longer hours than women. However, working hours are not in our model because such data are not available for 1991 and 1996, though they are available for 1981 and 1986. Indeed, we will show below that, in 1981 and 1986, working hours account for at least 35% of the gender gap in monthly wages.

Intensity of effort is a very important variable explaining earnings, but this variable is absent from almost all data sets because it is very difficult to observe and measure. Becker (1985) argues that married women do most of the household chores and thus have less energy available for the market than do most husbands. When women spend less energy per hour of work, they earn less. Moreover, their household responsibilities induce occupational segregation because married women seek occupations and jobs that are less effort intensive and otherwise are more compatible with the demands of their home responsibilities. If Becker's argument is correct, then intensity of work effort may account for a significant part of the unexplained gap.

The fact that men work long hours than women and married women rather than

men do most of the household chores may be a result of discriminatory socialization.[2] However, it is not discriminatory for employers to pay less for less intensive job efforts. We should distinguish between labour market discrimination which is the responsibility of employers, and discriminatory socialization which is attributable to history and culture. Cultural attitudes should be changed through education. Requiring employers to pay more for less intensive work efforts is certainly not a solution.

It should be noted that labour market discrimination is not unrelated to discriminatory socialization. In fact, sufficiently strong labour market discrimination would tend to reinforce discriminatory socialization. If a large number of employers discriminate against women by paying less even when they are as competent and hard working as men, then it would be rational for women as individuals to work less hard and invest less in training and education because women have less to gain than man from work and education. Over time, such employer discrimination would reinforce cultural stereotypes.

Even though labour market discrimination and discriminatory socialization are intertwined, it is important to keep the two conceptually distinct as the policy remedies for the two are different. In principle, our regressions can separate the effects of labour market discrimination and discriminatory socialization. Given enough data, our regressions can answer the question: Are women paid less even if they are equal to men in *every* way (in training, education, experience, hours worked, and intensity of effort etc.)? If so, then that gap is due to labour market discrimination. Of course, even in the absence of labour market discrimination, women may get less pay because they have less education, training, and so on, and this part of the gap may be attributable to discriminatory socialization.

Unfortunately, we do not have data on *every* important variable. In particular, we left out hours worked and intensity of work effort, which may account for half or more of the unexplained part of the gender wage gap. The unexplained part of the gender wage gap obtained from our regressions should thus be taken as an upper bound on the effect of labour market discrimination.

6.1.5. Occupational Segregation

The Blinder-Oaxaca decomposition approach is better than the simple dummy variable approach for they distinguish gender productivity differences from gender wage discrimination. Nevertheless, it does not deal with the other important aspect of possible cause for gender wage gap, namely, occupational segregation. It is obvious that as wages vary considerably across occupations, occupational segregation on the basis of gender will affect the gender wage differential. Many studies have reported that women are normally ranked at the lower end of the occupational hierarchy (Levin, 1991; Anker and Hein, 1986). Gunderson (1994, p. 1) pointed out:

[2] It may also be due to innate gender differences. However, we are not commissioned to examine the nature-nurture debate.

> *Much of that gap (gender wage gap) reflects the fact that women tend to work in female-dominated occupations that are low paid. Even when these occupations involve the same skill, effort, responsibility and working conditions as the male-dominated jobs, they tend to pay less than the male-dominated jobs.*

A simple way of accounting for occupations is to enter occupational dummy variables in an earnings regression. This is used in many social science studies of earnings. The question addressed in this way is that within the same occupation, how individual earnings are determined by other factors. But this approach assumes that occupations are exogenously given. If occupational determination is possibly subject to labour market discrimination like earnings, the approach would be inappropriate (Gunderson, 1989). For this reason, some researchers object to treating occupations in this way, and they often ignore occupations all together. As pointed out by Gunderson (1989), whether it is appropriate to control for the wage gap arising from different occupations by gender also depends on the purpose of the analysis. If the focus is on unequal pay for the same work in the same narrowly defined occupation, then it is appropriate to control for differences in the distributions of males and females across narrowly defined occupations. (Such differences are beyond the scope of conventional equal pay legislation.) But if the purpose is to obtain a measure of the pay gap that reflects differences in the occupational distribution of males and females, then it is not appropriate to control for occupation differences in the simple way.

6.1.6. Occupational Segregation and Decomposition of Wage Differential

The introduction of occupational dummies into the wage equation gives some insights into the impact of the different occupational distributions of the gender groups on the gender wage differential, but does not enable an assessment of the relative importance of inter- and intra-occupational wage effects. Such an assessment is possible using Brown, Moon, and Zoloth's (1980) model. They decomposed the total wage differential between men and women into components related to within-occupation wage differences and occupational differences. The Brown et al. model treats individuals' occupational attainment as an endogenous variable and uses two-stage procedure to incorporate the impact of gender occupational segregation into the analysis of gender wage differentials. The basic idea of their approach is to use males occupational attainment and wage determination pattern as non-discriminatory norm to predict females occupational attainment and wage level within each occupation given females' endowments. Then, it is possible to decompose the gender wage differential. It can be shown that the gender wage differential can be decomposed as the sum of four terms, A, B, C and D, which are defined in the following Table:

Types of Gender Wage Differential

	Within occupation	**Due to occupational differences**
explained	**A**	**B**
unexplained	**C**	**D**

The terms that are explained (**A** and **B**) capture the wage differentials due to differences in characteristics between men and women, while those that are unexplained (**C** and **D**) may be a result of discrimination. The details of the Brown model are given in Appendix III.

The interpretation of terms **A** and **C** are similar to the explained and unexplained terms in the Blinder-Oaxaca decomposition, except that the occupational distribution is held constant.

Terms **B** and **D** involve three occupational distributions: (i) the male occupational distribution, (ii) the predicted female occupational distribution, and (iii) the actual female occupational distribution. The predicted female occupational distribution (ii) is generated from females' characteristics using males' occupational attainment as the nondiscriminatory norm. The differences between (i) and (ii) thus represent nondiscriminatory differences arising from males' and females' characteristics. The differences between (ii) and (iii) are not explained by individual characteristics and may be due to discrimination.

Both terms **B** and **D** are weighted sums, where the weights are mean male earnings in different occupations. Term **B** is the weighted sum of the differences between (i) and (ii). Such differences are explained by individual characteristics in the model. Term **B** thus represents the explained wage differential due to occupational differences. Term **D** is the weighted sum of the differences between (ii) and (iii). Such differences are not explained by individual characteristics in the model. Term **D** thus represents the unexplained wage differential due to occupational differences.

6.2. The Data and the Gender Wage Gap

The data sets used include the 20% sample of the 1981 population census, the full sample of the 1986 population by-census, the 5% sample of the 1991 population census and the full sample of the 1996 population by-census. We select for our analysis individuals who are between 15 and 64 years old and work for pay as employees. The resulting data sets contain a total of 345,583, 295,952, 108,057 and 387,501 observations respectively. Table 6.1 reports the mean values of all variables for the four years for all samples and by gender.

6.2.1. The Overall Gender Earnings Gap

Table 6.2 shows the mean monthly earnings of men and women with different occupations and the male-female earnings ratio for the four sample years with or without foreigners. Due to the large number of domestic helpers who are predominantly female, the overall ratio excluding foreigners should be more relevant. This ratio decreased throughout the period from 1.4080 in 1981 to 1.1918 in 1996 for foreigners excluded -- an extremely rapid decline of 20 percentage points in the wage gap over the 15 year period. The overall ratio with the foreigners included also generally decreased from 1.4302 in 1981 to 1.3336 in 1996 (except a minor increase from 1986 to 1991). Table 6.3 shows the mean log monthly earnings of men and women, with the almost identical pattern as in Table 6.2. Both the overall gender differentials with or without foreigners decreased.

6.2.2. The Gender Gap across Occupations

Tables 6.2 and 6.3 show that the wage pattern across the occupations was similar for both sexes. Managers and administrators have the highest earnings, professionals the second highest, and clerks the third. Services workers, crafts/operators/labourers and agricultural/fishery workers are among the lowest.

The gender earnings differential was quite different across occupations. The most serious gap in 1996 was in agriculture and fishery, where women earn 69% less than men. A more persistent serious gap has been for crafts/operators/labourers, where women earned at least 46% less than men. The smallest gap was in clerks; it was about 25% in 1981 and 1986 but decreased after 1986 (Table 6.2). In 1996, the smallest gaps are in clerks and managers/administrators, with men exceeding women by 9.87 and 12.6 percentage points respectively (Table 6.2).

6.3. Regressions Results of Earnings Equations

The regression results are presented in Tables 6.4 to 6.21. The results will be described in detail below.

6.3.1. Foreigners Included

Table 6.4 presents the regression results for the log monthly earnings as a function of sex, experience, marital status, place of birth and education attainment. The coefficients in all the regressions are significant and have the expected signs. The Female dummy variables are negative and significant for all models in different years. Females earned approximately 30% less than males, all other characteristics the same. We further estimated the models with separate male and female samples. Tables 6.5 and 6.6 show the results. For male workers, as Table 6.5 shows, except for year 1981, all

Foreign dummy variables are positive and significant. However, for female workers, as Table 6.6 shows, all dummy variables Foreign are negative and significant. This is because there are a large number of low wage female domestic helpers from Southeast Asia (especially the Philippines) and most of the foreign males work in high skilled occupations. (The shares of foreign males who were managers, administrators, or professionals were 0.2007, 0.3583, 0.4118 and 0.4664 in 1981, 1986, 1991 and 1996 respectively. The corresponding ratios for females were only 0.1220, 0.1193, 0.1194 and 0.1180.)

6.3.2. Foreigners Excluded

To control for the effect of the large number of domestic helpers and other foreign workers, we will concentrate on the sample with foreigners excluded. This will give a clear picture of the gender wage differential for "local" workers. Table 6.7 presents the regression results. The coefficients in all the regressions are significant and have the expected signs. The local female earned approximately 20-30% less than local male with the same set of characteristics. As mentioned in last section, without the foreigners, the gender earnings differentials are lower for all periods. The differential decreased from -0.2659 in 1981 to -0.1788 in 1996 for model 2. That means the female earned 27% less than male in 1981 and only 18% less in 1996.

6.4. Explaining the Gender Wage Gap

We again estimated the models with male and female samples separately. The results are in Table 6.8 and Table 6.9. To understand the gender wage differential, we ask two questions: (i) which are the factors in which males are better endowed (e.g. are males better educated?), and (ii) which are the factors in which males are paid more for the same endowment (i.e. have a higher slope coefficient)? The first question addresses gender wage differentials in terms of characteristics differences by gender, and the second one looks at possible sources of discrimination.

6.4.1. Education Attainment

Comparing Tables 6.8 and 6.9, the female education attainment increased significantly relative to male's. The average years of schooling for female were about 7.6 in 1981 and about 10.6 in 1996. However for the male, the average years of schooling were about 8.0 in 1981 and about 10.2 in 1996. In 1981 and 1986 females had less education than male, however, their education was higher than males' in 1991 and 1996. This partly explains the decreasing trend of the gender earnings differential.

Consider the rates of return to schooling. From model 2 in Tables 6.8 and 6.9, it is clear that the rates of return to schooling (slope coefficient) for female were higher than male in all years. The rate of the return to schooling for females was about 10%

from 1986 to 1996, whereas that for males was about 8% for the same period. The differentials were 0.022, 0.026, 0.023 and 0.015 in 1981, 1986, 1991 and 1996 respectively (see Table 6.10). As seen from Tables 6.8 and 6.9, education attainment for males were more concentrated in primary or lower secondary levels than females. As Hong Kong rapidly developed into a mature economy, it required highly educated people for its labour markets. The rates of return to schooling for those low levels of education may be lower. (They were even negative compared to no schooling in 1996.) Hence, the female worker on average had higher rates of return to schooling than the male.

6.4.2. Working Experience

The male potential labour market experience was higher than female's, mainly due to the fact that the average age of males has been higher than that of females (see Table 6.1). The differentials ranged from about 2.6 years in 1981 to about 3.4 years in 1991. The rates of return to experience at mean for females were generally higher than for males (based on model 2). The differentials were 0.0017 in 1981, 0.0039 in 1986, 0.0021 in 1991 and 0.0015 in 1996 (see Table 6.11, without foreigners).

6.4.3. The Place of Birth

China born immigrants earned 12-22% less than the natives for both sexes. The coefficients on China for females are consistently more negative than those for males. This indicates that the differential between natives and China born immigrants for females were consistently larger than that of males. This may be due to employer discrimination. However, it is possible that, in comparison with female natives, China born females have more traditional attitudes and they work less intensively as they are more preoccupied with family chores.

6.4.4. The Marital Status

Married, separated or widowed persons earned more than single persons for both sexes in all years. Especially for a married male, he earned 20-26% more than a single. And a married female earned only 2-6% more than a single female. In terms of earnings, the advantage that females obtain from marriage is much less than that of males. This may be because females are more burdened by family responsibility than males. As the differential between married males and females were much larger than that between single males and females, Marital status is a possible source of discrimination. However, that married men earn more than single men may be a result of the endogeneity of marriage: poorer men are less likely to be married.

6.4.5. The Constant Term

The coefficients on Constant for females are consistently smaller than those for males. This means that, other things being equal, a local single female earns less than an identical male. This may be due to discrimination.

6.5. The Decomposition of Earnings Differential

For simplicity, we focus on model 2 and the male-weighted decomposition. (Results from model 1 and female-weighted decomposition are very similar.) Table 6.12 presents the Blinder-Oaxaca decomposition. It shows that for both foreigners included and excluded, most of the gender earnings differential was unexplained and may be due to discrimination. It accounted for at least 73.7% of the total differential. Without foreigners, like the trend for the total differential, the amount of unexplained wage differential generally decreased over the years. It was 0.2563, 0.2417, 0.2399 and 0.1711 in 1981, 1986, 1991 and 1996 respectively. However, the portion of the mean earnings differential that is unexplained increased steadily from 73.8% in 1981 to 102.8% in 1996.

The explained portion due to differences in personal characteristics was only a small part of the overall differential. It also decreased from 1981 to 1996. Actually the explained portion became negative in 1996, indicating that females exceeded males in productivity characteristics. This is largely because the female education attainments increased much faster than male's.

6.6. Decomposition of Earnings Differentials with Occupational Segregation

6.6.1. The Occupational Distribution

Table 6.13 presents the distribution of occupations for both sexes. As expected, the gender occupation structure was quite different. Fewer females relative to males were managers/administrators. For example, in 1981 excluding foreigners, 2.14% of males were managerial staff, whereas only 0.79% of females were in such positions. In 1996 more males and females were managerial staff (8.29% and 5.47% respectively), but the gender gap remained or actually slightly increased. Somewhat surprisingly, the proportion of females as professionals have been consistently higher than that for males over the years. In 1996, the percentages of male and female professionals are 17.90% and 20.96% respectively.

A majority of males worked as crafts, operators or labourers, i.e. production jobs (36% in 1996 and 57% in 1981 without foreigners). In 1981 and 1986, a majority of females also worked as crafts, operators or labourers, 50% in 1981 and 39% in 1986. However, the portion dropped rapidly and a majority females worked as clerks recently (34% in 1991 and 36% in 1996). Since clerks' earnings are much higher than crafts/operators/labourers (see Tables 6.2 and 6.3), females are in a better position in

this regard.

A major motivation for equal value policies is job segregation which is usually unfavourable to females. However, in Hong Kong, job segregation favours females as clerks (female jobs) have higher earnings than crafts/operators/labourers (male jobs). The need for introducing equal value policies is thus less in Hong Kong.

6.6.2. Predicting Occupational Distribution

Following the approach by Brown et al. (1980), we use male occupational distribution and personal characteristics as the nondiscriminatory norm to predict the female occupational distribution, and the results are included in Table 6.13. The details are explained in Appendix III. Comparing to the U.S. situation in Brown et al. (1980), we find a similar pattern. The actual proportion of female managers/administrators was much lower than the predicted. The actual proportion of female professionals was slightly higher than the predicted. The actual proportion of female clerks was much higher than the predicted. And the actual proportion of female crafts/operators/labourers was lower than the predicted.

6.6.3. The Brown et al. Decomposition

Table 6.14 presents the Brown et al. decomposition results. Most of the unexplained wage differential was within occupations; it accounted for about 79.5%, 88.1%, 93.6% and 98.3% of the overall wage differential respectively in 1981, 1986, 1991 and 1996 for foreigners excluded. Similar to the Blinder-Oaxaca decomposition, its level decreased (0.2760, 0.2631, 0.2381 and 0.1635 respectively in 1981, 1986, 1991 and 1996), whereas its share of the overall wage differential increased over the years. The explained wage differential within occupations accounted for only about 15% to 28% of the overall differential. Without foreigners, the unexplained earnings differential due to occupational differences was favouring females in all years. The explained wage differential due to occupational differences was either small (1% and 8.8% in 1981 and 1986), or in fact favouring females (-3.7% and -8.7% in 1991 and 1996).

Why was the unexplained wage differential due to occupational differences negative (favouring females)? Let us consider the predicted and the actual proportions of the female occupations. As seen from Table 6.13, the occupation whose actual value exceeded the predicted value the most was clerks, while the occupation whose actual value fell short of the predicted value the most was the crafts/operators/labourers. The differences were much smaller between the actual and the predicted in other occupations. Since clerks have higher earnings than crafts/operators/labourers, the unexplained wage differential from occupational differences was negative over the years.

Comparing the proportions of the male occupation and the predicted proportions of the female occupations in Table 6.13, we find that the differences were

quite small across the occupations. This explains why the explained wage differential from occupational differences was very small.

6.7. Other Considerations

6.7.1. Controlling for Occupations by Dummy Variables

As mentioned earlier, we can augment the human capital earnings function by entering a set of dummy variables for occupations to account for the gender pay gap due to differences in pays across occupations. These results are reported in Table 6.15. Compared with Table 6.7 which does not have occupational dummies, the coefficients on Female are almost the same as before. Controlling for occupations or not makes little difference on the gender pay gap. This confirms the finding from the Brown *et al.* approach that the gender pay gap is largely within occupations.

6.7.2. Born in Hong Kong vs. Born in China

So far the effect of individuals born in China is allowed for by having a single dummy variable in the earnings equation. That may mask the fact females from China fare worse than females born in Hong Kong. To examine the possibility, regressions were made for Hong Kong born and China born separately. Tables 6.16 and 6.17 show that the coefficients on Female are much higher for China born than for Hong Kong born from 1981 to 1996. In 1986, women born in China made about 35% less than men born in China, whereas women born in Hong Kong made only about 20% less than men born in Hong Kong. In 1996, women born in China made about 28% less than men born in China, whereas women born in Hong Kong made only about 14% less than men born in Hong Kong.

Tables 6.18 and 6.19 show that in 1996 the gender wage gap is about 15% for the Hong Kong born sample but about 28% for the China born sample. Furthermore, the two tables indicate that the percentage of the overall wage differential that is unexplained is always higher for the China born sample than the local born sample. Unreported results indicate that individuals born in China subject to more "discrimination" because they are immigrants and do not speak Cantonese, and their education is treated less favourably than local education.

6.7.3. Adjustment for Working Hours

From the 1981 and 1986 census data, the average working hours for men and women were 51.75 and 47.09 in 1981, and 51.25 and 45.61 in 1986. To the extent that on average women work fewer hours than men, the gender wage gap measured by monthly earnings is over-stated. It is interesting to look at the gender wage gap in terms of hourly wage rates. Table 6.20 reports regressions for hourly wages for 1981 and 1986. (The 1991 and 1996 data do not contain information on working hours.) The coefficients on Female are much smaller than before (Table 6.7). Table 6.21 shows that the mean earnings differential in terms of hourly wages is 0.2543 and 0.1797 in 1981 and 1986. The corresponding figures for monthly wages are 0.3473 and 0.2985 in Table 6.12. This simple comparison indicates that the gender wage gap in hourly wages is at least about 35% smaller than that in monthly wages.

6.8. Summary of Results

We concentrate on the sample which excludes foreigners as the large number of foreign domestic helpers tend to bias our results. The male-female earnings ratio in Hong Kong has declined rapidly from 1.41 in 1981 to 1.19 in 1996. Moreover, the gender wage gap in hourly wage is at least 35% smaller than that in monthly wages.

The rapid narrowing of the gender earnings gap is partly due to the rapid rise of female educational attainment: from lower than that of males in 1981 and 1986 to higher than that of males in 1991 and 1996. The structural transformation of the Hong Kong economy from manufacturing to services also helped as females shifted from crafts, operators, or labourers to clerks who are better paid.

We found that the returns to both schooling and experience are higher for females than males. Hong Kong's occupational segregation also favours females as clerks (female jobs) are better paid than crafts, operators or labourers (male jobs). However, marital status is relatively more favourable for males than females.

We decompose the earnings differential into a component explained by personal characteristics, and an unexplained component which may be due to discrimination. In the Blinder-Oxaca decomposition (male-weighted), the unexplained differential fell from 0.26 in 1981 to 0.17 in 1996, indicating that discrimination may have decreased. The Brown et al. decomposition, which takes into account occupational differences, shows that the gender pay gap is largely within occupations. The gender pay differential due to occupational differences is small. In fact, Hong Kong's occupational segregation favours females. The within-occupation unexplained pay differential, which may be due to discrimination, declined from 0.28 in 1981 to 0.16 in 1996.

In a nutshell, both the gender earnings gap and the unexplained component of that gap (which may be attributed to discrimination) have decreased rapidly from 1981 to 1996.

Table 6.1: The Characteristics of the Work Force (mean values)

With Foreigner

	1981			1986			1991			1996		
	Male	Female	All	Male	Female	All	Male	Female	All	Male	Female	All
Variables												
Age	33.9231	30.8939	32.8287	34.8290	31.8733	33.7075	36.2691	32.9791	34.9489	37.2451	34.0363	35.8946
Experience	20.8665	18.2788	19.9316	21.0837	18.0835	19.9453	20.9802	17.3644	19.5292	20.9131	17.2521	19.3722
Experience Square	628.3724	561.0914	604.0652	627.2994	520.4303	586.7490	619.5307	466.2355	558.0151	606.3704	443.4030	537.7788
Marital Status												
Single	0.4397	0.5076	0.4642	0.4081	0.4697	0.4315	0.3749	0.4350	0.3990	0.3451	0.4067	0.3710
Married	0.5453	0.4446	0.5089	0.5749	0.4869	0.5415	0.6098	0.5260	0.5762	0.6342	0.5487	0.5982
Widowed/Separated	0.0150	0.0478	0.0268	0.0170	0.0434	0.0270	0.0153	0.0390	0.0248	0.0207	0.0446	0.0308
Place of Birth												
Hong Kong	0.4548	0.5889	0.5032	0.5337	0.6275	0.5693	0.5762	0.6351	0.5998	0.6103	0.6151	0.6123
China	0.5183	0.3872	0.4709	0.4326	0.3138	0.3875	0.3852	0.2715	0.3396	0.3239	0.2278	0.2835
Foreign	0.0269	0.0239	0.0258	0.0337	0.0587	0.0432	0.0386	0.0934	0.0606	0.0658	0.1571	0.1042
Education Attainment												
No schooling	0.0497	0.1318	0.0794	0.0431	0.0910	0.0613	0.0378	0.0574	0.0457	0.0274	0.0429	0.0339
Primary	0.3777	0.3188	0.3564	0.2992	0.2350	0.2748	0.2407	0.1863	0.2189	0.1868	0.1468	0.1700
Lower Secondary	0.2302	0.1639	0.2062	0.2416	0.1513	0.2073	0.2512	0.1507	0.2109	0.2508	0.1386	0.2036
Upper Secondary	0.2244	0.2733	0.2421	0.2531	0.3446	0.2878	0.2705	0.3880	0.3177	0.2824	0.3846	0.3254
Matriculated	0.0371	0.0416	0.0387	0.0460	0.0613	0.0518	0.0508	0.0700	0.0585	0.0564	0.0795	0.0661
Craft/Technical	0.0225	0.0293	0.0250	0.0334	0.0526	0.0407	0.0443	0.0596	0.0504	0.0369	0.0253	0.0320
Non-degree	0.0196	0.0177	0.0189	0.0262	0.0208	0.0242	0.0282	0.0231	0.0262	0.0253	0.0482	0.0349
Degree	0.0388	0.0236	0.0333	0.0574	0.0434	0.0521	0.0765	0.0649	0.0718	0.1340	0.1341	0.1340
Year of Schooling	8.0579	7.6184	7.8991	8.7460	8.7907	8.7630	9.2958	9.6260	9.4283	10.3552	10.8167	10.5494
Monthly Earnings	2043.10	1428.50	1821.06	3796.57	2723.64	3389.46	8034.23	5761.75	7122.31	14541.46	10904.23	13010.58
Log Monthly Earnings	7.4492	7.0965	7.3218	8.0126	7.6939	7.8917	8.7365	8.4352	8.6156	9.3065	9.0266	9.1887

(table con'd)

Table 6.1 (cont'd)

Without Foreigner	1981			1986			1991			1996		
	Male	Female	All	Male	Female	All	Male	Female	All	Male	Female	All
Variables												
Age	33.8006	30.7704	32.7037	34.6602	31.7249	33.5645	36.0719	32.8707	34.8321	37.0424	34.0749	35.8672
Experience	20.8055	18.1987	19.8619	21.0189	18.0887	19.9251	20.8927	17.4435	19.5569	20.8877	17.5231	19.5552
Experience Square	627.7369	559.9896	603.2131	626.5915	525.8867	588.9985	617.2576	475.3006	562.2788	606.5524	459.7319	548.4057
Marital Status												
Single	0.4449	0.5131	0.4696	0.4151	0.4712	0.4360	0.3817	0.4315	0.4010	0.3531	0.3969	0.3704
Married	0.5401	0.4394	0.5036	0.5682	0.4857	0.5374	0.6031	0.5295	0.5746	0.6266	0.5587	0.5997
Widowed/Separated	0.0150	0.0475	0.0268	0.0167	0.0431	0.0266	0.0152	0.0390	0.0244	0.0203	0.0444	0.0298
Place of Birth												
Hong Kong	0.4674	0.6034	0.5166	0.5523	0.6666	0.5950	0.5993	0.7005	0.6385	0.6532	0.7297	0.6835
China	0.5326	0.3966	0.4834	0.4477	0.3334	0.4050	0.4007	0.2995	0.3615	0.3468	0.2703	0.3165
Education Attainment												
No schooling	0.0503	0.1332	0.0803	0.0436	0.0948	0.0627	0.0386	0.0601	0.0469	0.0276	0.0442	0.0342
Primary	0.3828	0.3214	0.3606	0.3052	0.2432	0.2821	0.2461	0.1959	0.2267	0.1926	0.1536	0.1772
Lower Secondary	0.2310	0.1633	0.2065	0.2444	0.1547	0.2109	0.2553	0.1571	0.2173	0.2575	0.1468	0.2137
Upper Secondary	0.2233	0.2728	0.2412	0.2545	0.3429	0.2875	0.2728	0.3902	0.3183	0.2876	0.3981	0.3314
Matriculated	0.0362	0.0410	0.0379	0.0447	0.0566	0.0491	0.0493	0.0637	0.0549	0.0544	0.0705	0.0608
Craft/Technical	0.0224	0.0293	0.0249	0.0339	0.0537	0.0413	0.0447	0.0604	0.0508	0.0381	0.0276	0.0339
Non-degree	0.0191	0.0176	0.0186	0.0261	0.0199	0.0238	0.0280	0.0233	0.0262	0.0248	0.0481	0.0340
Degree	0.0349	0.0214	0.0300	0.0476	0.0342	0.0426	0.0652	0.0493	0.0590	0.1174	0.1111	0.1149
Year of Schooling	7.9965	7.5750	7.8439	8.6421	8.6370	8.6402	9.1863	9.4386	9.2840	10.1783	10.5849	10.3393
Monthly Earnings	1,998.37	1,419.30	1,788.75	3,585.67	2,709.74	3,258.69	7,573.58	5,846.84	6,904.83	13,695.68	11,492.04	12,822.95
Log Monthly Earnings	7.4117	7.0944	7.3160	7.9925	7.6940	7.8811	8.7149	8.4605	8.6164	9.2782	9.1118	9.2123

Table 6.2: Monthly Earnings of Different Occupations

With Foreigners						
Year	1981			1986		
	Male	Female	Ratio	Male	Female	Ratio
Managers and Administrators	6353.84	4643.38	1.3684	12296.14	8425.56	1.4594
Professionals	4193.50	3150.19	1.3312	7874.71	5775.37	1.3635
Clerks	2194.17	1747.35	1.2557	3881.96	3022.38	1.2844
Salepersons	2118.64	1524.16	1.3900	3906.70	2655.96	1.4709
Serivce workers	1792.92	1230.13	1.4575	3198.04	2150.92	1.4868
Crafts, Operators and Labourers	1681.20	1048.61	1.6033	2782.92	1742.01	1.5975
Agricultural and fishery workers	1579.38	1247.61	1.2659	2351.23	1456.92	1.6138
Overall	**2043.10**	**1428.50**	**1.4302**	**3796.57**	**2723.64**	**1.3939**
Year	1991			1996		
	Male	Female	Ratio	Male	Female	Ratio
Managers and Administrators	21949.17	15898.21	1.3806	33697.66	27996.57	1.2036
Professionals	14156.86	10828.69	1.3073	23907.51	18973.44	1.2601
Clerks	6455.88	5658.34	1.1409	10732.05	9756.59	1.1000
Salepersons	5834.75	4676.99	1.2475	10019.63	7971.43	1.2569
Serivce workers	5801.86	3781.02	1.5345	9599.62	5935.96	1.6172
Crafts, Operators and Labourers	5616.18	3401.16	1.6513	9554.53	6475.89	1.4754
Agricultural and fishery workers	5087.13	3852.91	1.3203	8868.42	6201.14	1.4301
Overall	**8034.23**	**5761.75**	**1.3944**	**14541.46**	**10904.23**	**1.3336**
Without Foreigners						
Year	1981			1986		
	Male	Female	Ratio	Male	Female	Ratio
Managers and Administrators	5743.98	4588.85	1.2517	9838.60	7813.15	1.2592
Professionals	3961.50	3084.72	1.2842	7216.19	5681.37	1.2701
Clerks	2183.44	1740.27	1.2547	3862.39	3007.77	1.2841
Salepersons	2086.29	1510.82	1.3809	3686.27	2593.11	1.4216
Serivce workers	1774.16	1223.35	1.4502	3158.25	2199.22	1.4361
Crafts, Operators and Labourers	1680.76	1049.15	1.6020	2782.60	1744.24	1.5953
Agricultural and fishery workers	1579.64	1248.76	1.2650	2347.03	1451.89	1.6165
Overall	**1998.37**	**1419.30**	**1.4080**	**3585.67**	**2709.74**	**1.3233**
Year	1991			1996		
	Male	Female	Ratio	Male	Female	Ratio
Managers and Administrators	18982.87	15287.47	1.2417	30176.42	26795.58	1.1262
Professionals	13028.42	10505.70	1.2401	22377.20	18517.21	1.2085
Clerks	6455.07	5657.47	1.1410	10706.86	9745.03	1.0987
Salepersons	5780.27	4648.54	1.2435	9955.48	7930.43	1.2554
Serivce workers	5807.17	4061.14	1.4299	9663.26	7019.68	1.3766
Crafts, Operators and Labourers	5614.13	3411.31	1.6457	9502.70	6506.04	1.4606
Agricultural and fishery workers	5100.42	3171.63	1.6081	8929.34	5272.51	1.6936
Overall	**7573.58**	**5846.84**	**1.2953**	**13695.68**	**11492.04**	**1.1918**

Table 6.3: Log Monthly Earnings of Different Occupations

With Foreigners						
Year	1981			1986		
	Male	Female	Differerence	Male	Female	Differerence
Managers and Administrators	8.4867	8.2236	0.2631	9.1047	8.8257	0.2790
Professionals	8.0905	7.8401	0.2504	8.7114	8.4265	0.2849
Clerks	7.5628	7.3636	0.1992	8.1214	7.9150	0.2064
Salepersons	7.4850	7.1784	0.3066	8.0618	7.7299	0.3319
Serivce workers	7.3698	7.0096	0.3602	7.9369	7.5659	0.3710
Crafts, Operators and Labourers	7.3379	6.8757	0.4622	7.8312	7.3507	0.4805
Agricultural and fishery workers	7.3166	7.0583	0.2583	7.5719	7.0170	0.5549
Overall	**7.4492**	**7.0965**	**0.3527**	**8.0126**	**7.6939**	**0.3187**
Year	1991			1996		
	Male	Female	Differerence	Male	Female	Differerence
Managers and Administrators	9.6979	9.4541	0.2438	10.1682	10.0135	0.1547
Professionals	9.2922	9.0871	0.2051	9.8342	9.6573	0.1769
Clerks	8.6781	8.5620	0.1161	9.1804	9.0962	0.0842
Salepersons	8.5662	8.3541	0.2121	9.0772	8.8560	0.2212
Serivce workers	8.5416	8.1186	0.4230	9.0323	8.5413	0.4910
Crafts, Operators and Labourers	8.5337	8.0178	0.5159	9.0532	8.6117	0.4415
Agricultural and fishery workers	8.3957	8.0675	0.3282	8.7956	8.3178	0.4778
Overall	**8.7365**	**8.4352**	**0.3013**	**9.3065**	**9.0266**	**0.2799**
Without Foreigners						
Year	1981			1986		
	Male	Female	Differerence	Male	Female	Differerence
Managers and Administrators	8.4291	8.2116	0.2175	8.9581	8.7817	0.1764
Professionals	8.0605	7.8284	0.2321	8.6567	8.4198	0.2369
Clerks	7.5609	7.3609	0.2000	8.1192	7.9161	0.2031
Salepersons	7.4785	7.1734	0.3051	8.0403	7.7198	0.3205
Serivce workers	7.3664	7.0073	0.3591	7.9329	7.5729	0.3600
Crafts, Operators and Labourers	7.3373	6.8759	0.4614	7.8307	7.3517	0.4790
Agricultural and fishery workers	7.3163	7.0578	0.2585	7.5691	7.0124	0.5567
Overall	**7.4417**	**7.0944**	**0.3473**	**7.9925**	**7.6940**	**0.2985**
Year	1991			1996		
	Male	Female	Differerence	Male	Female	Differerence
Managers and Administrators	9.5983	9.4294	0.1689	10.0816	9.9815	0.1001
Professionals	9.2462	9.0712	0.1750	9.7899	9.6416	0.1483
Clerks	8.6796	8.5626	0.1170	9.1788	9.0961	0.0827
Salepersons	8.5625	8.3521	0.2104	9.0736	8.8564	0.2172
Serivce workers	8.5447	8.1687	0.3760	9.0413	8.7070	0.3343
Crafts, Operators and Labourers	8.5333	8.0204	0.5129	9.0474	8.6161	0.4313
Agricultural and fishery workers	8.3974	7.9588	0.4386	8.8034	8.3279	0.4755
Overall	**8.7149**	**8.4605**	**0.2544**	**9.2782**	**9.1118**	**0.1664**

Table 6.4: Earnings Regressions of 1981, 1986, 1991 and 1996 (Paid-employees with age 15-64)
(T-statistics in parentheses)

Dependent variable: ln Y

	1981		1986		1991		1996	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Variables								
Constant	6.7784	6.4501	7.1487	6.7011	7.9944	7.4865	8.7487	7.9634
	(1514.632)	(1702.237)	(1245.534)	(1380.655)	(771.156)	(901.269)	(1475.513)	(1699.938)
Experience	0.0389	0.0358	0.0436	0.0368	0.0365	0.0274	0.0370	0.0280
	(146.045)	(136.417)	(137.666)	(118.367)	(73.177)	(55.913)	(131.116)	(103.093)
Experience Square	-0.0007	-0.0005	-0.0007	-0.0005	-0.0007	-0.0004	-0.0007	-0.0004
	(-146.352)	(-121.961)	(-130.267)	(-93.814)	(-72.258)	(-44.927)	(-131.335)	(-80.539)
Female	-0.2975	-0.2703	-0.2963	-0.2730	-0.3068	-0.2909	-0.2877	-0.2596
	(-177.334)	(-159.937)	(-151.650)	(-138.130)	(-93.320)	(-87.200)	(-152.352)	(-138.292)
Married	0.1434	0.1497	0.1612	0.1746	0.1672	0.1807	0.1644	0.1710
	(66.530)	(68.229)	(64.028)	(67.790)	(39.612)	(41.765)	(68.754)	(71.144)
Widowed/Separated	0.0818	0.1027	0.1208	0.1484	0.1303	0.1579	0.1221	0.1321
	(15.397)	(18.999)	(19.454)	(23.348)	(12.061)	(14.243)	(21.734)	(23.374)
China	-0.1273	-0.1293	-0.1863	-0.1927	-0.1924	-0.2043	-0.2093	-0.2207
	(-69.783)	(-69.733)	(-82.457)	(-83.472)	(-49.988)	(-51.924)	(-93.923)	(-98.835)
Foreign	-0.1269	-0.1059	-0.1741	-0.1225	-0.3251	-0.2689	-0.4474	-0.4189
	(-25.243)	(-20.732)	(-36.711)	(-25.465)	(-47.337)	(-38.538)	(-144.864)	(-135.772)
Primary	0.0673		0.0686		0.0118		-0.1987	
	(19.277)		(14.859)		(1.336)		(-36.295)	
Lower Secondary	0.1856		0.2317		0.1611		-0.0915	
	(46.915)		(45.060)		(16.727)		(-16.135)	
Upper Secondary	0.4281		0.5168		0.4654		0.2173	
	(108.588)		(101.406)		(48.376)		(38.788)	
Matriculated	0.6661		0.7601		0.6991		0.4166	
	(123.977)		(120.563)		(62.069)		(65.094)	
Craft/Technical	0.8313		0.9122		0.7974		0.6245	
	(137.005)		(137.603)		(69.066)		(84.041)	
Non-degree	0.8866		1.1301		1.0301		0.7186	
	(131.620)		(147.028)		(76.386)		(99.976)	
Degree	1.0660		1.3359		1.2600		1.0359	
	(190.668)		(210.099)		(114.063)		(172.527)	
Year of Schooling		0.0714		0.0944		0.0961		0.0958
		(276.438)		(299.673)		(175.730)		(358.494)
R^2	0.3637	0.3387	0.3918	0.3608	0.3845	0.3507	0.3710	0.3618
N	345583	345583	295952	295952	108057	108057	387501	387501

Table 6.5: Earnings Regressions of 1981, 1986, 1991 and 1996 (Male paid-employees with age 15-64)
(T-statistics in parentheses)

	1981			1986			1991			19
	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1
Dependent variable											
Log monthly earnings	7.4492			8.0126			8.7365			9.3065	
Variables											
Constant	1.0000	6.7696	6.4372	1.0000	7.1437	6.6940	1.0000	7.9727	7.4496	1.0000	8.6450
		(1103.938)	(1417.078)		(981.385)	(1145.472)		(607.626)	(732.982)		(1087.992)
Experience	20.8665	0.0450	0.0423	21.0837	0.0475	0.0423	20.9802	0.0417	0.0336	20.9131	0.0416
		(135.869)	(128.774)		(119.383)	(107.022)		(64.535)	(52.302)		(114.062)
Experience Square	628.37	-0.0008	-0.0007	627.30	-0.0008	-0.0006	619.53	-0.0008	-0.0005	606.37	-0.0008
		(-139.196)	(-122.573)		(-118.302)	(-94.573)		(-67.833)	(-48.505)		(-118.498)
Married	0.5453	0.2168	0.2205	0.5749	0.2325	0.2437	0.6098	0.2405	0.2593	0.6342	0.2110
		(82.079)	(81.938)		(74.171)	(75.706)		(43.786)	(45.728)		(66.561)
Widowed/Separated	0.0150	0.1016	0.1043	0.0170	0.1467	0.1602	0.0153	0.1477	0.1649	0.0207	0.1405
		(12.370)	(12.460)		(15.971)	(16.975)		(8.818)	(9.516)		(16.707)
China	0.5183	-0.1268	-0.1294	0.4326	-0.1802	-0.1838	0.3852	-0.1815	-0.1885	0.3239	-0.1829
		(-57.608)	(-57.778)		(-66.975)	(-66.627)		(-38.685)	(-38.976)		(-67.569)
Foreign	0.0269	0.0850	-0.0537	0.0337	0.0555	0.1323	0.0386	0.0609	0.1433	0.0658	0.0448
		(13.929)	(-8.653)		(8.428)	(19.817)		(5.697)	(13.094)		(9.390)
Primary	0.3777	0.0145		0.2992	0.0457		0.2407	0.0063		0.1868	-0.1640
		(3.011)			(7.403)			(-0.543)			(-21.878)
Lower Secondary	0.2302	0.1132		0.2416	0.1740		0.2512	0.1034		0.2508	-0.0833
		(21.599)			(26.112)			(8.365)			(-10.842)
Upper Secondary	0.2244	0.3022		0.2531	0.3961		0.2705	0.3327		0.2824	0.1606
		(56.903)			(58.903)			(26.578)			(20.774)
Matriculated	0.0371	0.5453		0.0460	0.6488		0.0508	0.5798		0.0564	0.3681
		(77.716)			(78.333)			(39.116)			(41.730)
Craft/Technical	0.0225	0.6002		0.0334	0.6990		0.0443	0.6152		0.0369	0.6127
		(74.479)			(78.408)			(40.388)			(63.934)
Non-degree	0.0196	0.7770		0.0262	1.0366		0.0282	0.9233		0.0253	0.6769
		(91.732)			(108.858)			(54.531)			(65.207)
Degree	0.0388	0.9254		0.0574	1.2228		0.0765	1.1847		0.1340	1.0412
		(133.630)			(152.366)			(84.982)			(127.307)
Year of Schooling	8.0579		0.0628	8.7460		0.0858	9.2958		0.0885	10.3552	
			(196.611)			(222.827)			(130.723)		
R^2		0.3159	0.2886		0.3822	0.3472		0.3896	0.3467		0.3883
N		220731	220731		183656	183656		64695	64695		224405

Table 6.6: Earnings Regressions of 1981, 1986, 1991 and 1996 (Female paid-employees with age 15-64)
(T-statistics in parentheses)

	1981			1986			1991			1996		
	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2
Dependent variable												
Log monthly earnings	7.0965			7.6939			8.4352			9.0266		
Variables												
Constant	1.0000	6.6044	6.1924	1.0000	6.9183	6.4333	1.0000	7.7837	7.2894	1.0000	8.6649	7.9024
		(994.478)	(1053.732)		(789.308)	(837.478)		(500.450)	(573.177)		(1074.386)	(1122.742)
Experience	18.2788	0.0310	0.0269	18.0835	0.0413	0.0304	17.3644	0.0328	0.0196	17.2521	0.0332	0.0227
		(72.107)	(63.123)		(81.976)	(62.130)		(43.653)	(27.203)		(78.103)	(56.453)
Experience Square	561.09	-0.0005	-0.0003	520.43	-0.0007	-0.0003	466.24	-0.0006	-0.0002	443.40	-0.0007	-0.0003
		(-72.266)	(-46.806)		(-73.814)	(-37.846)		(-40.165)	(-15.718)		(-78.555)	(-40.893)
Married	0.4446	0.0174	0.0314	0.4869	0.0435	0.0598	0.5260	0.0457	0.0540	0.5487	0.0682	0.0693
		(4.901)	(8.554)		(10.770)	(14.358)		(7.341)	(8.438)		(19.951)	(20.167)
Widowed/Separated	0.0478	0.0531	0.0455	0.0434	0.0976	0.0880	0.0390	0.1100	0.1104	0.0446	0.1058	0.0915
		(7.511)	(6.199)		(11.450)	(9.991)		(7.962)	(7.759)		(14.582)	(12.522)
China	0.3872	-0.1327	-0.1334	0.3138	-0.1971	-0.2106	0.2715	-0.2019	-0.2266	0.2278	-0.2289	-0.2465
		(-42.852)	(-41.705)		(-50.207)	(-52.181)		(-32.123)	(-35.255)		(-63.814)	(-68.685)
Foreign	0.0239	-0.1950	-0.1967	0.0587	-0.4075	-0.3762	0.0934	-0.5879	-0.5454	0.1571	-0.7670	-0.7371
		(-23.199)	(-22.611)		(-61.095)	(-54.997)		(-68.096)	(-62.162)		(-197.128)	(-190.347)
Primary	0.3188	0.0158		0.2350	0.0028		0.1863	-0.0499		0.1468	-0.2736	
		(2.916)			(0.383)			(-3.664)			(-35.557)	
Lower Secondary	0.1639	0.1648		0.1513	0.2222		0.1507	0.1474		0.1386	-0.1565	
		(25.913)			(26.341)			(9.679)			(-19.181)	
Upper Secondary	0.2733	0.4804		0.3446	0.5925		0.3880	0.5411		0.3846	0.2128	
		(77.684)			(72.518)			(36.054)			(27.217)	

(table con'd)

Table 6.6 (con'd)

	1981			1986			1991			1996		
	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2
Matriculated	0.0416	0.7135		0.0613	0.8306		0.0700	0.7648		0.0795	0.4122	
		(84.721)			(84.073)			(44.765)			(46.369)	
Craft/Technical	0.0293	1.0603		0.0526	1.0831		0.0596	0.9360		0.0253	0.5933	
		(116.124)			(107.714)			(53.935)			(51.986)	
Non-degree	0.0177	0.9199		0.0208	1.1993		0.0231	1.0986		0.0482	0.6811	
		(83.267)			(92.324)			(51.085)			(70.502)	
Degree	0.0236	1.2044		0.0434	1.3915		0.0649	1.2261		0.1341	0.9223	
		(121.736)			(103.913)			(70.449)			(108.888)	
Year of Schooling	7.6184		0.0833	8.7907		0.1056	9.6260		0.1020	10.8167		0.0931
			(190.655)			(195.714)			(113.830)			(218.765)
R^2		0.3438	0.2933		0.3675	0.3228		0.3753	0.3362		0.3825	0.3725
N		124852	124852		112296	112296		43362	43362		163096	163096
Monthly Earnings	1428.50			2723.64			5761.75			10904.23		

Table 6.7: Earnings Regressions of 1981, 1986, 1991 and 1996
(Paid-employees excluding foreigners with age 15-64) (T-statistics in parentheses)

Dependent variable: ln Y

	1981		1986		1991		1996	
Variables	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Constant	6.7716	6.4511	7.1195	6.6987	7.9559	7.4737	8.7077	7.9336
	(1521.868)	(1703.355)	(1252.738)	(1385.619)	(778.123)	(905.795)	(1489.287)	(1693.112)
Experience	0.0393	0.0361	0.0449	0.0383	0.0377	0.0287	0.0380	0.0291
	(148.396)	(138.556)	(142.434)	(123.964)	(76.070)	(59.305)	(135.598)	(107.704)
Experience Square	-6.71E-04	-5.42E-04	-7.22E-04	-5.11E-04	-6.70E-04	-4.11E-04	-7.32E-04	-4.31E-04
	(-149.042)	(-124.703)	(-134.662)	(-99.654)	(-74.960)	(-48.321)	(-137.709)	(-86.630)
Female	-0.2933	-0.2659	-0.2742	-0.2497	-0.2668	-0.2491	-0.2069	-0.1788
	(-175.641)	(-158.181)	(-141.245)	(-127.277)	(-82.187)	(-75.684)	(-111.159)	(-96.425)
Married	0.1455	0.1515	0.1538	0.1652	0.1555	0.1679	0.1471	0.1539
	(67.767)	(69.358)	(61.260)	(64.412)	(36.187)	(38.985)	(61.313)	(63.636)
Widowed/Separated	0.0830	0.1036	0.1114	0.1359	0.1135	0.1410	0.0982	0.1090
	(15.680)	(19.237)	(17.911)	(21.374)	(10.513)	(12.745)	(17.393)	(19.134)
China	-0.1283	-0.1305	-0.1866	-0.1954	-0.1877	-0.2025	-0.1951	-0.2094
	(-71.383)	(-71.462)	(-84.551)	(-86.768)	(-50.479)	(-53.369)	(-92.855)	(-99.225)
Primary	0.0683		0.0751		0.0202		-0.1962	
	(19.755)		(16.542)		(2.333)		(-36.443)	
Lower Secondary	0.1882		0.2449		0.1767		-0.0874	
	(47.903)		(48.354)		(18.662)		(-15.623)	
Upper Secondary	0.4298		0.5300		0.4847		0.2276	
	(109.707)		(105.430)		(51.154)		(41.080)	
Matriculated	0.6587		0.7736		0.7193		0.4423	
	(122.680)		(122.839)		(64.164)		(68.996)	
Craft/Technical	0.8319		0.9220		0.8187		0.6352	
	(137.741)		(141.084)		(71.981)		(87.528)	
Non-degree	0.8877		1.1441		1.0489		0.7456	
	(131.735)		(149.516)		(78.791)		(104.292)	
Degree	1.0646		1.3126		1.2509		1.0364	
	(186.020)		(202.653)		(112.472)		(172.518)	
Year of Schooling		0.0708		0.0927		0.0950		0.0955
		(273.258)		(294.335)		(173.741)		(351.593)
R^2	0.3647	0.3400	0.3864	0.3572	0.3861	0.3536	0.3764	0.3641
N	336662	336662	283170	283170	101510	101510	347102	347102

Table 6.8: Earnings Regressions of 1981, 1986, 1991 and 1996 (Male paid-employees excluding foreigners with age 15-64)
(T-statistics in parentheses)

	1981			1986			1991			1996		
	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2
Dependent variable												
Log monthly earnings	7.4417			7.9925			8.7149			9.2782		
Variables												
Constant	1.0000	6.7678	6.4467	1.0000	7.1320	6.7201	1.0000	7.9539	7.4696	1.0000	8.6405	7.9259
		(1197.973)	(1427.454)		(1000.917)	(1168.168)		(619.683)	(748.259)		(1090.310)	(1368.060)
Experience	20.8055	0.0452	0.0424	21.0189	0.0487	0.0434	20.8927	0.0426	0.0348	20.8877	0.0413	0.0324
		(138.273)	(130.828)		(124.537)	(112.219)		(67.256)	(55.484)		(112.875)	(91.077)
Experience Square	627.74	-7.92E-04	-6.89E-04	626.59	-8.09E-04	-6.43E-04	617.26	-7.78E-04	-5.55E-04	606.55	-7.82E-04	-5.04E-04
		(-142.121)	(-125.358)		(-122.843)	(-99.814)		(-69.784)	(-51.250)		(-116.719)	(-79.536)
Married	0.5401	0.2195	0.2231	0.5682	0.2289	0.2387	0.6031	0.2406	0.2576	0.6266	0.2140	0.2288
		(83.927)	(83.730)		(74.446)	(75.873)		(44.781)	(46.671)		(67.386)	(71.290)
Widowed/Separated	0.0150	0.1061	0.1078	0.0167	0.1312	0.1424	0.0152	0.1426	0.1582	0.0203	0.1316	0.1469
		(13.025)	(12.981)		(14.451)	(15.313)		(8.658)	(9.334)		(15.535)	(17.119)
China	0.5326	-0.1281	-0.1308	0.4477	-0.1868	-0.1924	0.4007	-0.1911	-0.2017	0.3468	-0.1895	-0.2024
		(-59.409)	(-59.676)		(-71.633)	(-72.218)		(-42.191)	(-43.418)		(-72.104)	(-76.307)
Primary	0.3828	0.0146		0.3052	0.0468		0.2461	-0.0040		0.1926	-0.1606	
		(3.078)			(7.772)			(-0.353)			(-21.568)	
Lower Secondary	0.2310	0.1143		0.2444	0.1817		0.2553	0.1164		0.2575	-0.0748	
		(22.089)			(27.952)			(9.656)			(-9.773)	
Upper Secondary	0.2233	0.3017		0.2545	0.4039		0.2728	0.3469		0.2876	0.1734	
		(57.474)			(61.522)			(28.400)			(22.522)	
Matriculated	0.0362	0.5327		0.0447	0.6376		0.0493	0.5805		0.0544	0.3664	
		(76.303)			(78.230)			(39.914)			(41.423)	
Craft/Technical	0.0224	0.5959		0.0339	0.6995		0.0447	0.6296		0.0381	0.6146	
		(74.636)			(80.416)			(42.336)			(64.638)	
Non-degree	0.0191	0.7743		0.0261	1.0323		0.0280	0.9301		0.0248	0.6787	
		(91728)			(110.359)			(56.074)			(65.828)	
Degree	0.0349	0.9165		0.0476	1.1654		0.0652	1.1352		0.1174	1.0082	
		(130.875)			(145.147)			(81.298)			(122.759)	
Year of Schooling	7.9965		0.0617	8.6421		0.0823	9.1863		0.0853	10.1783		0.0890
			(193.230)			(216.311)			(128.060)			(264.095)
R^2		0.3259	0.2891		0.3614	0.3304		0.3734	0.3360		0.3716	0.3542
N		214794	214794		177463	177463		62196	62196		209636	209636

Table 6.9: Earnings Regressions of 1981, 1986, 1991 and 1996
(Female paid-employees excluding foreigners with age 15-64) (T-statistics in parentheses)

	1981			1986			1991			1996		
	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2	Means	Model 1	Model 2
Dependent variable												
Log monthly earnings	7.0944			7.6940			8.4605			9.1118		
Variables												
Constant	1.0000	6.5973	6.1842	1.0000	6.8946	6.3918	1.0000	7.7360	7.2092	1.0000	8.6172	7.7614
		(991.682)	(1043.446)		(776.296)	(811.536)		(486.005)	(545.163)		(1051.705)	(1050.331)
Experience	18.1987	0.0315	0.0275	18.0887	0.0428	0.0321	17.4435	0.0351	0.0212	17.5231	0.0377	0.0252
		(73.163)	(64.205)		(83.243)	(64.107)		(45.504)	(28.570)		(86.811)	(61.151)
Experience Square	559.99	-5.38E-04	-3.32E-04	525.89	-6.76E-04	-3.26E-04	475.30	-6.19E-04	-2.15E-04	459.73	-7.73E-04	-3.53E-04
		(-73.323)	(-47.820)		(-75.319)	(-39.246)		(-41.745)	(-15.935)		(-87.849)	(-43.702)
Married	0.4394	0.0185	0.0325	0.4857	0.0375	0.0537	0.5295	0.0289	0.0396	0.5587	0.0492	0.0537
		(5.208)	(8.828)		(9.062)	(12.511)		(4.472)	(5.910)		(13.773)	(14.827)
Widowed/Separated	0.0475	0.0513	0.0440	0.0431	0.0976	0.0853	0.0390	0.0941	0.0973	0.0444	0.0962	0.0814
		(7.232)	(5.973)		(11.171)	(9.392)		(6.607)	(6.590)		(12.825)	(10.698)
China	0.3966	-0.1345	-0.1360	0.3334	-0.1983	-0.2147	0.2995	-0.1921	-0.2200	0.2703	-0.2062	-0.2286
		(-43.764)	(-42.790)		(-50.891)	(-53.336)		(-31.124)	(-34.649)		(-60.753)	(-66.859)
Primary	0.3214	0.0159		0.2432	0.0013		0.1959	-0.0474		0.1536	-0.3178	
		(2.936)			(0.181)			(-3.440)			(-40.913)	
Lower Secondary	0.1633	0.1663		0.1547	0.2274		0.1571	0.1596		0.1468	-0.1894	
		(26.139)			(26.802)			(10.303)			(-22.881)	
Upper Secondary	0.2728	0.4832		0.3429	0.6026		0.3902	0.5771		0.3981	0.2296	
		(78.080)			(73.233)			(37.646)			(28.784)	
Matriculated	0.0410	0.7114		0.0566	0.8602		0.0637	0.8130		0.0705	0.4674	
		(84.090)			(85.044)			(46.003)			(50.572)	
Craft/Technical	0.0293	1.0637		0.0537	1.0974		0.0604	0.9822		0.0276	0.6302	
		(116.310)			(108.576)			(55.567)			(55.305)	
Non-degree	0.0176	0.9254		0.0199	1.2350		0.0233	1.1552		0.0481	0.7378	
		(83.505)			(92.786)			(52.632)			(74.775)	
Degree	0.0214	1.2238		0.0342	1.4744		0.0493	1.3453		0.1111	1.0208	
		(120.078)			(131.505)			(73.167)			(116.052)	
Year of Schooling	7.5750		0.0837	8.6370		0.1083	9.4386		0.1086	10.5849		0.1039
			(189.607)			(195.441)			(115.593)			(227.448)
R^2		0.3483	0.2967		0.3854	0.3362		0.4001	0.3544		0.3967	0.3783
N		121868	121868		105707	105707		39314	39314		137466	137466
Monthly Earnings	1,419.30			2,709.74			5,846.84			11,492.04		

Table 6.10: The Rates of Return to Schooling Differentials

	1981	1986	1991	1996
With Foreigners	-0.0205	-0.0198	-0.0135	-0.0009
Without Foreigners	-0.0220	-0.0260	-0.0233	-0.0149

Table 6.11: The Rates of Return to Experience At Mean

	1981		
	Male	Female	Differences
With Foreigners	0.0138	0.0150	-0.0012
Without Foreigners	0.0137	0.0154	-0.0017
	1986		
	Male	Female	Differences
With Foreigners	0.0159	0.0192	-0.0033
Without Foreigners	0.0164	0.0203	-0.0039
	1991		
	Male	Female	Differences
With Foreigners	0.0109	0.0123	-0.0014
Without Foreigners	0.0116	0.0137	-0.0021
	1996		
	Male	Female	Differences
With Foreigners	0.0110	0.0113	-0.0003
Without Foreigners	0.0113	0.0128	-0.0015

Table 6.12: Decomposition of Male-female Earnings Differentials

With Foreigners				
Year	**1981**		**1986**	
Explained portion	0.0928	(26.3%)	0.0482	(15.1%)
Unexplained portion	0.2599	(73.7%)	0.2705	(84.9%)
Mean earnings differential	0.3527	(100.0%)	0.3187	(100.0%)
Year	**1991**		**1996**	
Explained portion	-0.0021	(-0.7%)	-0.0167	(-6.0%)
Unexplained portion	0.3034	(100.7%)	0.2966	(106.0%)
Mean earnings differential	0.3013	(100.0%)	0.2799	(100.0%)
Without Foreigners				
Year	**1981**		**1986**	
Explained portion	0.0910	(26.2%)	0.0568	(19.0%)
Unexplained portion	0.2563	(73.8%)	0.2417	(81.0%)
Mean earnings differential	0.3473	(100.0%)	0.2985	(100.0%)
Year	**1991**		**1996**	
Explained portion	0.0145	(5.7%)	-0.0047	(-2.8%)
Unexplained portion	0.2399	(94.3%)	0.1711	(102.8%)
Mean earnings differential	0.2544	(100.0%)	0.1664	(100.0%)

Table 6.13: Occupational Distributions

With Foreigners								
Year	1981				1986			
	All	Male	Female		All	Male	Female	
			Actual	Predicted			Actual	Predicted
Managers and Administrators	0.0176	0.0230	0.0082	0.0186	0.0266	0.0343	0.0139	0.0312
Professionals	0.0630	0.0596	0.0690	0.0604	0.0890	0.0803	0.1031	0.0833
Clerks	0.1512	0.1096	0.2248	0.1219	0.1746	0.1145	0.2728	0.1266
Salepersons	0.0592	0.0675	0.0446	0.0637	0.0682	0.0719	0.0623	0.0713
Service workers	0.1645	0.1729	0.1496	0.1351	0.1749	0.1813	0.1645	0.1567
Crafts, Operators and Labourers	0.5430	0.5654	0.5033	0.6002	0.4608	0.5105	0.3796	0.4324
Agricultural and fishery workers	0.0015	0.0020	0.0005	0.0001	0.0059	0.0072	0.0038	0.0985
Year	1991				1996			
	All	Male	Female		All	Male	Female	
			Actual	Predicted			Actual	Predicted
Managers and Administrators	0.0465	0.0588	0.0281	0.0593	0.0744	0.0913	0.0512	0.0925
Professionals	0.1549	0.1555	0.1540	0.1765	0.1866	0.1841	0.1901	0.2074
Clerks	0.1831	0.0953	0.3141	0.1060	0.1874	0.0968	0.3120	0.1096
Salepersons	0.0416	0.0329	0.0547	0.0334	0.0464	0.0386	0.0570	0.0417
Service workers	0.2315	0.2340	0.2278	0.2208	0.2582	0.2342	0.2912	0.2078
Crafts, Operators and Labourers	0.3407	0.4213	0.2205	0.3759	0.2454	0.3527	0.0978	0.3218
Agricultural and fishery workers	0.0017	0.0022	0.0008	0.0281	0.0016	0.0023	0.0007	0.0192
Without Foreigners								
Year	1981				1986			
	All	Male	Female		All	Male	Female	
			Actual	Predicted			Actual	Predicted
Managers and Administrators	0.0165	0.0214	0.0079	0.0171	0.0234	0.0294	0.0133	0.0260
Professionals	0.0617	0.0579	0.0682	0.0585	0.0867	0.0766	0.1036	0.0793
Clerks	0.1522	0.1099	0.2270	0.1198	0.1791	0.1161	0.2851	0.1297
Salepersons	0.0592	0.0674	0.0446	0.0617	0.0692	0.0719	0.0647	0.0703
Service workers	0.1648	0.1738	0.1489	0.1548	0.1661	0.1829	0.1378	0.1566
Crafts, Operators and Labourers	0.5441	0.5675	0.5029	0.5880	0.4694	0.5157	0.3915	0.4337
Agricultural and fishery workers	0.0015	0.0021	0.0005	0.0001	0.0061	0.0074	0.0040	0.1044
Year	1991				1996			
	All	Male	Female		All	Male	Female	
			Actual	Predicted			Actual	Predicted
Managers and Administrators	0.0436	0.0531	0.0286	0.0511	0.0717	0.0829	0.0547	0.0815
Professionals	0.1548	0.1508	0.1612	0.1696	0.1911	0.1790	0.2096	0.2023
Clerks	0.1914	0.0969	0.3408	0.1104	0.2026	0.0998	0.3593	0.1166
Salepersons	0.0432	0.0333	0.0590	0.0339	0.0498	0.0398	0.0649	0.0437
Service workers	0.2128	0.2361	0.1759	0.2225	0.2230	0.2372	0.2013	0.2170
Crafts, Operators and Labourers	0.3525	0.4275	0.2338	0.3824	0.2601	0.3590	0.1094	0.3207
Agricultural and fishery workers	0.0017	0.0023	0.0007	0.0301	0.0017	0.0023	0.0008	0.0182

Table 6.14: Decomposition of Earnings Difference with Occupational Attainments

Year	1981				1986			
Foreigners	With		Without		With		Without	
C	0.2780	(78.8%)	0.2760	(79.5%)	0.2729	(85.6%)	0.2631	(88.1%)
A	0.0866	(24.5%)	0.0862	(24.8%)	0.0828	(26.0%)	0.0831	(27.8%)
B	0.0034	(1.0%)	0.0034	(1.0%)	0.0242	(7.6%)	0.0261	(8.8%)
D	-0.0153	(-4.3%)	-0.0183	(-5.3%)	-0.0611	(-19.2%)	-0.0738	(-24.7%)
Total	**0.3527**	**(100%)**	**0.3473**	**(100%)**	**0.3187**	**(100%)**	**0.2985**	**(100%)**
Year	**1991**				**1996**			
Foreigners	With		Without		With		Without	
C	0.2550	(84.6%)	0.2381	(93.6%)	0.2197	(78.5%)	0.1635	(98.3%)
A	0.0419	(13.9%)	0.0336	(13.2%)	0.0472	(16.9%)	0.0318	(19.1%)
B	-0.0144	(-4.8%)	-0.0093	(-3.7%)	-0.0174	(-6.2%)	-0.0144	(-8.7%)
D	0.0188	(6.3%)	-0.0080	(-3.1%)	0.0304	(10.8%)	-0.0145	(-8.7%)
Total	**0.3013**	**(100%)**	**0.2544**	**(100%)**	**0.2799**	**(100%)**	**0.1664**	**(100%)**

Note: C=unexplained portion due to within-occupation wages
A=explained portion due to within-occupation wages
B=explained portion of occupational segregation
D=unexplained portion of occupational segregation

Table 6.15: Earnings Regressions of 1981, 1986, 1991 and 1996
(Paid-employees excluding foreigners with age 15-64)
(T-statistics in parentheses)

Dependent variable: ln Y

	1981	1986	1991	1996
Variables				
Constant	6.6422	6.7543	7.7212	8.0754
	(342.795)	(572.667)	(213.877)	(393.323)
Experience	0.0339	0.0375	0.0289	0.0282
	(136.765)	(128.818)	(63.993)	(111.169)
Experience Square	-0.000562	-0.000575	-0.000489	-0.000474
	(-135.273)	(-118.296)	(-61.206)	(-101.096)
Female	-0.2956	-0.2945	-0.2795	-0.1983
	(-181.326)	(-155.078)	(-86.672)	(-106.332)
Married	0.1425	0.1543	0.1492	0.1287
	(68.606)	(64.039)	(37.393)	(56.947)
Widowed/Separated	0.0896	0.1202	0.1151	0.0876
	(17.471)	(20.114)	(11.235)	(16.472)
China	-0.0971	-0.1451	-0.1444	-0.1616
	(-55.432)	(-67.904)	(-40.612)	(-81.324)
Managers and	0.8257	0.9927	0.8544	0.8853
Administrators	(41.430)	(77.842)	(23.463)	(43.062)
Professionals	0.5326	0.7772	0.5808	0.6354
	(27.554)	(65.742)	(16.155)	(31.096)
Clerks	0.2016	0.4263	0.2251	0.2662
	(10.521)	(37.052)	(6.282)	(13.079)
Salepersons	0.1022	0.339	0.1154	0.1564
	(5.304)	(29.003)	(3.182)	(7.607)
Service workers	0.0621	0.3092	0.0808	0.1471
	(3.251)	(27.264)	(2.267)	(7.257)
Crafts, Operators	-0.0112	0.1569	0.0104	0.1344
and Labourers	(-0.589)	(14.008)	(0.293)	(6.638)
Year of Schooling	0.0422	0.0563	0.0517	0.0562
	(140.771)	(156.651)	(83.498)	(179.126)
R^2	0.4039	0.4345	0.4468	0.4473
N	336662	283170	101510	347102

Note: The reference (omitted) occupational group is agricultural and fishery workers.
This table can be compared with Table 6.7 without occupation dummies.

Table 6.16: Earnings Regressions of 1981, 1986, 1991 and 1996
(Paid-employees excluding foreigners with age 15-64) (T-statistics in parentheses)

Dependent variable: ln Y

	1981		1986		1991		1996	
	H.K.	China	H.K.	China	H.K.	China	H.K.	China
Variables								
Constant	5.7919	6.7149	6.1602	7.1331	6.9845	7.8969	7.6037	8.3586
	(1156.517)	(1163.003)	(1016.861)	(845.637)	(678.050)	(561.089)	(1376.822)	(970.229)
Experience	0.0572	0.0229	0.0605	0.019	0.0457	0.0162	0.0431	0.0115
	(153.307)	(58.674)	(153.251)	(34.401)	(74.420)	(17.986)	(130.083)	(21.692)
Experience Square	-0.000898	-0.000377	-0.000865	-0.000285	-0.000684	-0.000293	-0.000676	-0.000207
	(-120.455)	(-60.813)	(-109.734)	(-33.036)	(-53.022)	(-20.322)	(-96.568)	(-23.804)
Female	-0.2032	-0.3537	-0.1963	-0.3529	-0.2036	-0.3552	-0.1426	-0.2765
	(-96.537)	(-136.329)	(-86.760)	(-104.040)	(-53.420)	(-60.829)	(-67.289)	(-78.189)
Married	0.1465	0.1371	0.1579	0.1169	0.1626	0.0916	0.0156	0.0678
	(53.157)	(41.033)	(54.708)	(25.019)	(34.382)	(10416)	(59.737)	(12.214)
Widowed/Separated	0.0863	0.0998	0.1041	0.107	0.1146	0.093	0.0787	0.085
	(8.121)	(15.349)	(10.267)	(12.375)	(7.333)	(5.737)	(11.252)	(8.540)
Year of Schooling	0.0997	0.0475	0.1252	0.0595	0.1255	0.0569	0.1119	0.0653
	(277.217)	(131.335)	(313.016)	(122.747)	(181.238)	(66.935)	(345.323)	(137.037)
R^2	0.4316	0.2938	0.4611	0.2683	0.417	0.266	0.4023	0.2502
N	173916	162746	168476	114694	64814	36696	237251	109851

Table 6.17: Earnings Regressions of 1981, 1986, 1991 and 1996
(Paid-employees excluding foreigners with age 15-64) (T-statistics in parentheses)

Dependent variable: ln Y

	1981		1986		1991		1996	
	H.K.	China	H.K.	China	H.K.	China	H.K.	China
Variables								
Constant	6.1550	6.9264	6.2131	7.3312	7.3588	8.1357	7.8539	8.3531
	(213.423)	(270.651)	(435.623)	(373.042)	(174.870)	(124.858)	(327.021)	(221.644)
Experience	0.0534	0.0205	0.0571	0.0186	0.0424	0.0178	0.0390	0.0154
	(147.486)	(55.735)	(150.405)	(36.440)	(72.689)	(21.436)	(192.346)	(31.207)
Experience Square	-8.81E-04	-3.82E-04	-8.73E-04	-3.41E-04	-6.95E-04	-3.75E-04	-6.59E-04	-3.15E-04
	(-121.837)	(-65.353)	(-115.354)	(-42.608)	(-56.779)	(-27.988)	(-99.291)	(-38.697)
Female	-0.2170	-0.3852	-0.2236	-0.3906	-0.2219	-0.3837	-0.1515	-0.3015
	(-103.552)	(-155.683)	(-98.408)	(-122.942)	(-57.065)	(-70.097)	(-69.478)	(-87.510)
Married	0.1377	0.1308	0.1478	0.1174	0.1473	0.0942	0.1333	0.0658
	(51.679)	(41.534)	(53.522)	(27.066)	(33.045)	(11.651)	(54.074)	(12.795)
Widowed/Separated	0.0683	0.0912	0.0844	0.1032	0.0905	0.0881	0.0617	0.0784
	(6.652)	(14.868)	(8.703)	(12.867)	(6.145)	(5.912)	(9.344)	(8.518)
Managers and Administrators	0.7134	0.8993	0.8553	0.9486	0.6715	0.8792	0.7341	1.0311
	(24.292)	(33.939)	(55.639)	(44.965)	(15.802)	(13.417)	(30.504)	(27.360)
Professionals	0.4171	0.6407	0.6281	0.8157	0.3874	0.6810	0.4762	0.8568
	(14.572)	(24.947)	(43.968)	(41.421)	(9.236)	(10.500)	(19.916)	(22.838)
Clerks	0.1545	0.2382	0.3568	0.3514	0.1007	0.1867	0.1561	0.3790
	(5.429)	(9.403)	(25.674)	(18.411)	(2.413)	(2.891)	(6.556)	(10.153)
Salespersons	0.1087	0.0863	0.3137	0.2018	0.0325	0.0591	0.0702	0.2485
	(3.796)	(3.406)	(22.180)	(10.558)	(0.769)	(0.831)	(2.915)	(6.604)
Service workers	0.1294	0.0180	0.3553	0.1212	0.0196	0.0182	0.0940	0.1962
	(4.549)	(0.718)	(25.813)	(6.573)	(0.471)	(0.284)	(3.962)	(5.293)
Crafts, Operators and Labourers	0.0243	-0.0265	0.1796	-0.0032	-0.0638	-0.0394	0.0571	0.2075
	(0.857)	(-1.059)	(13.261)	(-0.175)	(-1.539)	(-0.616)	(2.409)	(5.603)
Year of Schooling	0.0743	0.0211	0.0928	0.0260	0.0833	0.0204	0.0743	0.0282
	(165.740)	(53.321)	(190.413)	(50.142)	(100.392)	(22.254)	(192.346)	(53.456)
R^2	0.4706	0.3728	0.5089	0.3711	0.4843	0.3812	0.4699	0.3600
N	173916	162746	168476	114694	64814	36686	237251	109851

Table 6.18: Decomposition of Hong Kong Born Male-female Earnings Differentials

Without Occupational Dummies				
Year	1981		1986	
Explained portion	0.0940	(32.4%)	0.0643	(25.4%)
Unexplained portion	0.1958	(67.6%)	0.1893	(74.6%)
Mean earnings differential	0.2898	(100.0%)	0.2536	(100.0%)
Year	1991		1996	
Explained portion	0.0292	(12.9%)	0.0148	(9.7%)
Unexplained portion	0.1965	(87.1%)	0.1373	(90.3%)
Mean earnings differential	0.2257	(100.0%)	0.1521	(100.0%)
With Occupational Dummies				
Year	1981		1986	
Explained portion	0.0898	(31.0%)	0.0555	(21.9%)
Unexplained portion	0.2000	(69.0%)	0.1981	(78.1%)
Mean earnings differential	0.2898	(100.0%)	0.2536	(100.0%)
Year	1991		1996	
Explained portion	0.0494	(21.9%)	0.0250	(16.4%)
Unexplained portion	0.1763	(78.1%)	0.1271	(83.6%)
Mean earnings differential	0.2257	(100.0%)	0.1521	(100.0%)

Table 6.19: Decomposition of China Born Male-female Earnings Differentials

Without Occupational Dummies				
Year	1981		1986	
Explained portion	0.1064	(23.6%)	0.0801	(18.7%)
Unexplained portion	0.3443	(76.4%)	0.3491	(81.3%)
Mean earnings differential	0.4507	(100.0%)	0.4292	(100.0%)
Year	1991		1996	
Explained portion	0.0428	(10.9%)	0.0113	(4.2%)
Unexplained portion	0.3504	(89.1%)	0.2686	(95.8%)
Mean earnings differential	0.3932	(100.0%)	0.2799	(100.0%)
With Occupational Dummies				
Year	1981		1986	
Explained portion	0.0809	(17.9%)	0.0556	(13.0%)
Unexplained portion	0.3698	(82.1%)	0.3736	(87.0%)
Mean earnings differential	0.4507	(100.0%)	0.4292	(100.0%)
Year	1991		1996	
Explained portion	0.0324	(8.2%)	0.0020	(0.7%)
Unexplained portion	0.3608	(91.8%)	0.2779	(99.3%)
Mean earnings differential	0.3932	(100.0%)	0.2799	(100.0%)

Table 6.20: Earnings Regressions of 1981 and 1986
(In hourly wages, Paid-employees excluding foreigners with age 15-64)
(T-statistics in parentheses)

Dependent variable: ln Y (Hourly Wages)				
	1981		1986	
Variables				
Constant	0.9726	1.2227	1.2365	1.4082
	(234.332)	(58.209)	(231.410)	(108.311)
Experience	0.0372	0.0345	0.0392	0.0376
	(130.143)	(128.027)	(184.785)	(117.436)
Experience Square	-5.41E-04	-5.52E-04	-4.99E-04	-5.54E-04
	(-113.592)	(-122.580)	(-88.056)	(-103.496)
Female	-0.1707	-0.2130	-0.1315	-0.1906
	(-92.668)	(-120.561)	(-60.668)	(-91.044)
Married	0.1481	0.1403	0.1621	0.1524
	(61.866)	(62.284)	(57.209)	(57.398)
Widowed/Separated	0.0944	0.0908	0.1187	0.1145
	(15.988)	(16.345)	(16.884)	(17.392)
China	-0.1704	-0.1315	-0.2363	-0.1796
	(-85.133)	(-69.232)		(-76.243)
Managers and		0.8605		0.9555
Administrators		(39.828)		(67.963)
Professionals		0.6745		0.8382
		(32.189)		(64.318)
Clerks		0.2422		0.4126
		(11.659)		(32.532)
Salepersons		0.0228		0.2002
		(1.091)		(15.541)
Service workers		-0.0327		0.1664
		(-1.579)		(13.309)
Crafts, Operators		-0.0077		0.1078
and Labourers		(-0.375)		(8.728)
Year of Schooling	0.0823	0.3958	0.1028	0.0605
	(290.046)	(146.069)	(295.383)	(152.852)
R^2	0.3164	0.3958	0.3270	0.4111
N	336662	336662	283170	283170

Note: Hourly Wages=Monthly Earnings/(4.345*Working Hours in a Week)

Table 6.21: Decomposition of Male-female Earnings Differentials with Hourly Wages

Without Foreigners				
1981	Without Occupational Dummies		With Occupational Dummies	
Explained portion	0.0892	(35.1%)	0.0549	(21.6%)
Unexplained portion	0.1651	(64.9%)	0.1994	(78.4%)
Mean earnings differential	0.2543	(100.0%)	0.2543	(100.0%)
1986	Without Occupational Dummies		With Occupational Dummies	
Explained portion	0.0328	(29.4%)	0.0049	(2.7%)
Unexplained portion	0.1269	(70.6%)	0.1748	(97.3%)
Mean earnings differential	0.1797	(100.0%)	0.1797	(100.0%)

7. Labour Market Gender Gaps in Hong Kong:

Comparison with Selected Countries

Labour market gender gaps may refer to male-female gaps in wages, in employment (more men than women are employed), in occupation distribution (men fill the better occupations such as administrative/managerial positions), in labour force participation rates (the proportion of men participating in the labour force is higher than that of women), in hours worked (men work more hours)and in unemployment (the unemployment rate of men is lower).

In this section, Hong Kong's gender gaps are compared with those of USA, Canada, UK, Australia, Japan, Singapore, Finland, Norway and Sweden. We have chosen developed countries for comparison because Hong Kong's per capita GDP is on a par with developed economies, and labour market gender gaps usually shrink as the economy develops. The Scandinavian countries are chosen because they are known for their egalitarianism. Such a comparison will provide us the macro picture of where Hong Kong stands internationally.

7.1. Comparison of Gender Wage Gap

Table 7.1 compares the female-male non-agricultural wage ratios[1] of Hong Kong with the selected countries in 1985, 1990 and 1996. For Hong Kong, three gender wage ratios are shown in the Table: (i) that for supervisory, technical, clerical and miscellaneous production workers, (ii) that for craftsman and operatives, and (iii) that for all selected occupations. The last gender wage ratio is a weighted average of the first two ratios.

We will concentrate our discussion on the gender wage ratio for all selected occupations as it gives an overall picture of the gender wage gap in non-agricultural activities. Table 7.1 shows that Hong Kong's gender wage ratio rose from 0.77 in 1985 to 0.85 in 1996. These gender wage ratios, which are obtained from wage surveys, are consistent with the earning ratios obtained from census data (Table 6.1). The gender earnings ratios from census data (foreigners excluded) rose from 0.76 in 1986 to 0.84 in 1996.

In both 1985 and 1990, the gender wage gaps of Hong Kong are smaller than all the selected countries excepting Australia. Hong Kong's gender wage ratio improved sharply from 0.76 in 1990 to 0.85 in 1996, and Hong Kong's gender wage gap is smallest among all selected economies in 1996. Though UK, Australia, the USA and the Scandinavian countries have been enforcing equal value laws since the 1970s, their

[1] In section 6, the gender gap is measured in terms of the *male-female earnings ratio*. Here, it is measured in terms of the *female-male wage ratio*. The former ratio exceeds unity while the latter ratio is less than unity.

gender wage gaps are still much larger than that of Hong Kong. This suggests that other factors may be much more important in determining the gender wage gap than equal value laws.

The surprisingly small gender wage gap in Hong Kong calls for an explanation. As we have shown in the last section, Hong Kong females are more educated than males, and the returns to both schooling and experience in Hong Kong are higher for females than males. Hong Kong's occupational segregation also favours females.

Despite the rapid improvement in Hong Kong's overall gender wage ratio, the gender wage ratio for craftsman and operatives deteriorated sharply from 0.76 in 1985 to 0.59 in 1996. This is related to the structural change of the Hong Kong economy from an manufacturing base to a service hub. This structural change will be analyzed below.

A recent newsletter of the Hong Kong Social Security Association (1998) claimed that huge gender inequalities exist in Hong Kong. The article showed that over 83% of Hong Kong's workers in the bottom wage brackets earning a monthly wage of HK$ 5,000 or less in 1997 were female. Moreover, Hong Kong's gender wage ratio in 1997 was 0.77, which is quite low.

The main reason that the Association found so many low-wage females is that foreign domestic helpers were included in the analysis. Of the 245,800 low-wage females reported in the article, around 70% or 170,000 were domestic helpers. If we exclude foreign domestic helpers from analysis, females would constitute 61% of low-wage workers instead of 83%. The reported gender wage ratio of 0.77 is also significantly biased downwards by the inclusion of foreign domestic helpers.[2]

7.1.1. Gender Wage Gap in Manufacturing

In the 1980s manufacturing absorbed the largest number of employees among all industries in Hong Kong. As a result of China's opening and the rapid relocation of Hong Kong manufacturing to the mainland, manufacturing employment fell from 990,365 (41.2% of total employment) in 1981 to 325,068 (10.5% of total employment) in 1996, while the employment of the service industries has expanded rapidly.

In Hong Kong, manufacturing had been a very important source of employment for females. Leading manufacturing industries in Hong Kong such as clothing, textiles and electronics preferred female operatives because of their dexterity. In 1981, manufacturing accounted for 55% of female employment but only 34.7% of male employment. In 1981, 45.7% of manufacturing employment was female, which was significantly higher than the economy-wide average of 35.5%.

[2] From Table 6.1, the 1996 gender earnings ratio obtained from census data was 0.75 with foreigners, and 0.84 without foreigners. The Association reported a 1997 gender earnings ratio of 0.77, which is close to our figure of 0.75.

By 1996, manufacturing only accounted for 11.8% and 9.7% respectively of female and male employment. From 1981 to 1996, the share of manufacturing in female employment has dropped by 43.2 percentage points while the share of manufacturing in male employment has dropped by only 25 percentage points. For females, the shift out of manufacturing into services has been proportionately much larger than that of males. The shift of female employment from manufacturing to services has contributed to a narrowing gender gap in the economy because services tend to pay higher wages than labour intensive manufacturing.

Table 7.2 shows that, contrary to the narrowing of the gender wage gap in the overall economy, the gender wage gap of Hong Kong manufacturing has deteriorated sharply from 1985 to 1996. Fortunately, as manufacturing employment has shrunk rapidly, the negative impact of this deterioration on the overall gender wage gap was overwhelmed by other positive effects, including the positive effect of structural change and the overall gender wage gap improved markedly.

The deterioration of the gender wage gap in manufacturing is also reflected in Table 7.1 in the deterioration of the gender wage gap for craftsmen and operatives, who constitute the bulk of manufacturing employment.

The deterioration of the gender wage gap in manufacturing calls for an explanation. We suspect that the deterioration is linked to the structural change in manufacturing. Hong Kong manufacturing has shifted to the mainland the bulk of its production processes which are managed by itinerant supervisors, technicians and engineers from Hong Kong. This leads to a sharp rise in the ratio of supervisory and technical staff to operatives, and the former group is predominantly male while the latter group is not. This should lead to a widening gender gap in manufacturing as the wages of supervisors and technicians are much higher than that of operatives.

The above explanation is also consistent with the proportionately larger shift out of manufacturing for females. Another factor favouring the recruitment of males as itinerant staff is that few married female staff can afford to be regularly absent from home.

Table 7.2 shows that, in 1985, Hong Kong's gender wage gap in manufacturing was smaller than those of U.K., Japan and Finland. However, the gender wage gap in Hong Kong widened and exceeded that in U.K. and Finland in 1990 and 1996. Nevertheless, the 1996 gap in Hong Kong was still smaller than those of Japan and Singapore.

7.1.2. Gender Gap in Other Industries

Table 7.3 shows the gender wage ratios for other industries for 1986, 1990 and 1995. Interestingly, Hong Kong has the lowest wage gap among all selected economies in the finance sector (finance, insurance, real estate and business services). Women actually made more money than men in this sector in 1995.

Hong Kong's gender wage gap in the trade sector (wholesale and retail trade, and restaurants and hotels) improved significantly from 1986 to 1995, surpassing Singapore, UK, Australia and Finland. Though Hong Kong's wage ratio in Personal/Social Service has improved from 1986 to 1995, Hong Kong still lags behind Australia, Singapore, Finland and Sweden.

There are no data on Hong Kong for the other three industries: (i) mining, (ii) construction, and (iii) transport, storage and communication. Japan has the largest gender wage gap in these three industries.

7.2. Comparison of Female-Male Employment Ratios

Table 7.4 compares the female-male employment ratios of Hong Kong in 1985, 1990 and 1993 with selected countries. The employment ratios by occupation are also compared.

7.2.1. The Economy-Wide Female-Male Employment Ratio

Surprisingly, Hong Kong has the lowest female-male employment ratio among the selected economies. Another surprise is that Hong Kong's employment ratio has not risen significantly from 1985 to 1993, while the employment ratios of USA, Canada, Australia and Norway have risen markedly.

One reason for the low gender employment ratio is that Hong Kong historically had many more males than females as a result of the large influx of illegal immigrants, who were predominantly male. In 1981, in the population of working age (age 15 or above), there were 1,962,000 males and only 1,787,000 females. Males exceeded females by 175,000 (9.8% of the female population). Another reason for the low gender employment ratio is the low female labour participation rate in Hong Kong. This will be analyzed later.

Illegal immigration decreased rapidly with the abolition of the "touch base" policy in late 1980, and the sex composition of the Hong Kong population became more balanced in the 1990s. In recent years, the imbalance of the sex ratio in Hong Kong has been partly redressed through cross-border marriages, which have become more common with deepening economic integration between Hong Kong and the mainland. More mainland wives of Hong Kong residents have been able to migrate to Hong Kong as China has raised its annual exit quota from 75 per day to 105 per day in 1993 and then to 150 per day in 1995. Another factor is the rapid increase in the importation of Filipino domestic helpers who are predominantly female. In 1996, in the "working-age" population, there were less males (2,542,600) than females (2,576,500). Males fall short of females by 74,900 (1.4% of the female population). The trend will continue as both the use of Filipino helpers and cross-border marriages are expected to rise.

We thus expect that the employment ratio in Hong Kong should rise more

rapidly in the future. Indeed, from 1993 to 1996, the employment ratio has already jumped from 0.59 to 0.64. The rise is partly due to a relative increase in number of working age females, and partly due to a rise in the female rate of labour force participation relative to the male rate.

7.2.2. The Female-Male Employment Ratio by Occupation

Table 7.4 also shows employment ratios by occupation. As Hong Kong's economy-wide gender employment ratio is lower than all the selected countries, its employment ratio by occupation would tend to be relatively low. This is indeed the case. Though Hong Kong's employment ratio in administrative and managerial personnel has risen rapidly, it is lower than all selected countries except Japan. The ratio in professional/technical personnel is lower than the USA, Canada, Japan, Finland, Norway and Sweden, though higher than Australia and Singapore. The ratio in sales is lower than all selected countries except Australia. The ratio in service is lower than all selected countries. There is no occupation in which Hong Kong's ratio is distinctly high.

As the low level of Hong Kong's employment ratios are expected, the change in the ratios should be more interesting. The ratio in "production, equipment operators and labourers" has declined rapidly from 0.48 in 1985 to 0.19 in 1993. This is of course related to the female shift out of manufacturing into services. In 1985, Hong Kong's ratio of 0.48 was higher than all selected countries, showing the importance of female operatives in Hong Kong's manufacturing employment. However, the 1993 ratio of 0.19 was lower than all selected countries except Canada, Finland and Norway.

As Hong Kong's shift out of manufacturing into services was relatively larger for females than males, we expect that the employment ratios in service-related occupations would rise. This is indeed the case. The ratio for clerical personnel rose from 1.37 in 1985 to 1.79 in 1993; the ratio for sales personnel rose from 0.41 to 0.49and the ratio for service personnel rose from 0.55 to 0.86.

7.3. Comparison of Occupational Distribution

The occupational distribution of males and females in the selected economies are also given in Table 7.4.

Among all working women in each economy, USA has the highest percentage of females in Administrative/Managerial personnel and Japan has the lowest. Hong Kong's percentage has doubled since 1985 to the level of 2.3% in 1993. However, this was lower than all selected countries except Japan.

As for the percentage of women in Professional/Technical personnel, Hong Kong ranked behind USA, Canada and the Nordic countries; was close to Japan, and was better than Australia and Singapore.

The structural change of Hong Kong's economy implies that Hong Kong has experienced a drastic decline in the percentage of women in "production, equipment operators and labourers" over the period (from 39.5% to 13.8%), and corresponding increases in service-related occupations. The percentage of women in clerical occupation rose from 24.7% to 36.5%, the highest among selected economies. The percentage of women in sales rose from 8.8% to 12%, and the percentage of women in service rose from 16% to 24%, the highest among selected economies except Australia.

Australia's reliance on Agriculture and Animal Husbandry is reflected in its high employment share. As expected, Hong Kong has the lowest share for this occupation.

7.4. Comparison of Female Labour Force Participation Rates

Table 7.5 shows that, among the selected economies in 1996, Hong Kong's female labour force participation rate (FLFP) was the lowest (47.8%) while the USA has the highest rate (59.3%). The gap between Hong Kong and USA in 1996 is 11.5 percentage points.

Another surprising feature is that, unlike other economies, Hong Kong's FLFP has improved very little since 1980. Table 7.5 shows most of the selected countries have seen significant increases in the FLFP. The FLFP of the USA improved from 51.5% in 1980 to 59.3% in 1996. Table 7.6 shows that the problem lies in low FLFP for ever married women: While the FLFP of Hong Kong's never married females is slightly higher than that in the USA, the FLFP of Hong Kong's ever married women is much lower. The low FLFP in Hong Kong is particularly surprising, given the huge number of Filipino maids. While a complete analysis of the underlying causes is beyond the scope of this study, we offer some explanations below.

Hong Kong's FLFP in 1980 was lower than all selected countries except Singapore. This low ratio is expected because Hong Kong was then less developed than all of the selected countries except Singapore. In 1980 in Hong Kong, the bulk of the younger females worked in labour intensive manufacturing which demanded the dexterity of female workers, but the older females were mostly uneducated and they did not participate in the labour force.

With the passage of time, the natural replacement of the older females by younger cohorts should have led to a rapid rise of the FLFP. However, Hong Kong manufacturing started to shrink and shed workers, especially female ones, from 1981 onwards. Though services have expanded rapidly, services often require the knowledge of English (e.g., clerks) and it is difficult for a middle-aged manufacturing worker to become a service worker. Many middle-aged (mostly married) manufacturing female workers thus dropped out of the labour force, while the expanding service industries hire younger and more educated females. The structural change of the Hong Kong economy has contributed to a rapidly falling gender wage gap, but the structural change has also slowed down the rise of the FLFP.

In addition to the structural change of the economy, two other factors may have held down the rise of the FLFP. The first is the recent increase in cross-border marriages and immigration of mainland females who tend to have a low level of education. The second is the widespread practice of bi-sessional classes in Hong Kong schools which makes it difficult for mothers of young children to work.

In the 1990s, the structural change of the Hong Kong economy is nearly complete and manufacturing employment is quite small. The adverse impact of structural change on the FLFP is of diminishing importance. Bi-sessional schools will also be converted to full-day schools gradually in the next few years. However, the Hong Kong population is ageing and females usually bear the burden of elderly care. The increased immigration of mainland females will continue to have an adverse impact on the FLFP. To promote female FLFP, more resources for child and elderly care may be needed.

7.5. Comparison of Working Hours

Table 7.7 shows Hong Kong females generally work significantly more hours than females in all the selected countries. This is true for most of the significant sectors of the economy, namely, manufacturing, construction, transport (transport, storage and communication), trade (wholesale, retail, restaurants & hotels)and finance (finance, insurance, real estate and business service).

Hong Kong males generally work more hours than males in all the selected countries except Japan. The female-male gaps in working hours in Hong Kong have decreased from 1986 to 1995 and are quite small in comparison with the selected countries. For all industries where data are available, Hong Kong's gender gaps in working hours were smaller than those in Japan and in Australia. Hong Kong's gaps were close to those of the U.K.

7.6. Comparison of Unemployment Rate

Table 7.8 shows that Hong Kong's unemployment rate is lower for women than for men across time. The gender gap in unemployment rates in Hong Kong tends to favour females relatively more than that in other countries.

7.7. Future Trend

Many factors have an effect on labour market gender gaps and accurate forecasts are difficult. However, intelligent conjectures of future trends are useful.

In comparison with other advanced economies, Hong Kong's gender gap in working hours was small and Hong Kong's gap in unemployment favoured females. Hong Kong's gender wage gap had been small and was getting even smaller rapidly. However, we suspect that the rapid narrowing of the gender wage gap will slow down.

The structural transformation of the Hong Kong economy is near completion, and there are not that many females left in menial jobs in manufacturing. The gain from structural transformation will thus be limited. The gain from education will also be limited as females already have more schooling than males. Moreover, the increase in cross-border marriages and immigration of mainland women tend to have an adverse impact on the gender wage gap.

Though Hong Kong scored extremely well in the gender wage gap and in the gaps of working hours and unemployment rates, Hong Kong scored badly in FLFP and in the female-male employment ratio. To promote FLFP, the government may need to devote more resources to child and elderly care and also to the education and training of immigrants. Moreover, some sizable gender gaps that may not diminish rapidly. For instance, Hong Kong's female-male employment ratio in administrative and managerial personnel is only a fraction of that of other advanced economies. This gap may take some time to close.

Table 7.1 Wages in Non-Agricultural Activities

	1985			1990			1996		
	Female	Male	F/M	Female	Male	F/M	Female	Male	F/M
U.S.A. (median weekly earnings)	277	406	0.68	346	481	0.72	406	538	0.75
United Kingdom (hourly rate, starts w/84, not 85)	2.549	3.667	0.70	n.a.	n.a.		6.18	8.44	0.73
Australia (3/96 weekly,85 & 90 hourly)	9.12	10.46	0.87	11.95	13.57	0.88	614.2	774.8	0.79
Japan (9/96 monthly rate)	195728	377602	0.52	223089	449709	0.50	201100	380400	0.53
Singapore (monthly)	n.a.	n.a.		1247.5	1753.7	0.71	n.a.	n.a.	
Finland *	n.a.	n.a.		n.a.	n.a.		9751	11929	0.82
Norway *	10289	14850	0.69	15054	20346	0.74	119600	181300	0.66
Sweden *	n.a.	n.a.		n.a.	n.a.		15500	18600	0.83
Hong Kong [a] (Supervisory, technical, clerical, misc. non-production workers, monthly salary)	2784	3577	0.78	5276	6703	0.79	9828	10885	0.90
Hong Kong [b] (Craftsmen & operatives, daily wages)	91	120	0.76	160	232	0.69	254	431	0.59
Hong Kong [c] (All selected occupations, for All selected industries, monthly salary)			0.77			0.76	9258	10888	0.85

Sources & notes:

Hong Kong data: 1996 from Table 2.8 (p.20) of March 1997 *Hong Kong Monthly Digest of Statistics*, 1990 data from Table 2.8 (p.13, 14) of March 1991, 1985 data from Table 2.9 (p.13, 14), same publication.

Hong Kong data are for September of each year. Other countries are the same unless noted otherwise.

Hong Kong[c] (All selected occupations for All selected industries) available only since 3/94. Data for 1985 and 1990 are obtained as the weighted average of the gender gaps in series Hong Kong[a] and Hong Kong[b].

*Norway data from Statistics Norway as monthly earnings of salaried employees in firms affiliated with the Confederation of Norwegian Business and Industry. Last data as 1995 average annual pay.

*Finland latest data is Q4 1997 from Statistics Finland as monthly earnings.

*Sweden's data as monthly salary of basic wage & salary supplements for women & men aged 18-64. Economywide wages not available before 1994. Data provided by the Gender Statistics Unit of Statistics Sweden.

Other countries except US: 1996 data from *Bulletin of Labour Statistics 1997-3* , ILO; 1990 & 85 data from 1995 *Yearbook of Labour Statistics* , ILO.

US data cover all full-time wage & salary workers. *Statistical Abstract of the United States* 1996, Department of Commerce, p. 426.

Table 7.2 Wages in Manufacturing

	1985			1990			1996		
	Female	Male	F/M	Female	Male	F/M	Female	Male	F/M
U.K.	2.71	3.971	0.68	3.93	5.8	0.68	5.83	8.23	0.71
Australia	7.85	9.89	0.79	10.47	13.02	0.80	n.a.	n.a.	
Japan	154571	367182	0.42	1802.53	436135	0.41	172900	368700	0.47
Singapore	n.a.	n.a.		983.3	1797.5	0.55	1541.2	2644	0.58
Finland *	26.58	34.59	0.77	39.5	51.07	0.77	50.32	63.41	0.79
Norway *	52.85	63.28	0.84	81.79	94.63	0.86	97.85	112.27	0.87
Sweden *	45.21	50.01	0.90	67.05	75.66	0.89	98.21	109.07	0.90
Hong Kong	91.2	115.1	0.79	155.8	224.5	0.69	251	400	0.63

Sources & notes: * Finland, Norway, Sweden data from Table 516 of 1996 *Nordic Statistical Yearbook*.
All other manufacturing wages from Table 17B of 1992, 95, & 96 *Yearbook of Labour Statistics*, ILO.
1996 data are 9/96 figures from 3-1997 Bulletin of Labour Statistics, ILO.
Singapore's Manufacturing latest wages are 1995's, not 1996.
Latest data for Finland, Norway, Sweden are 1995's.
Australia last observation is 1989, not 1990.
U.S. & Canada do not have gender breakdown by the same source.

Table 7.3 Wages by Industry / Gender and Wage Ratios

		Mining			Construction			Transport, Storage & Communication (T.S.C.)			Wholesale & Retail Trade, & Restaurants & Hotels (W.R.R.H.)			Finance, Insurance, Real Estate & Business Services (F.I.R.E.)			Community, Social & Personal Services (C.S.P.S.)		
		female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m
Japan	1986	185903	358481	0.519	164974	345774	0.477	244411	366017	0.668		n.a.			n.a.			n.a.	
	1991	235407	442719	0.532	226531	459764	0.493	281743	447106	0.630		n.a.			n.a.			n.a.	
Hong Kong	1986		n.a.			n.a.			n.a.		2744.2	3755.5	0.731	4320.6	4694.9	0.920	1452.4	2198.1	0.661
	1990		n.a.			n.a.			n.a.		4790	6404.4	0.748	7252.4	7832.5	0.926	2642.9	3702.1	0.714
	1995		n.a.			n.a.			n.a.		9311.4	10764.2	0.865	11185.7	9657	1.158	4972.9	6709.2	0.741
Singapore	1990		n.a.		10816	1321.2	0.819	1406.9	1686.7	0.834	1058.7	1496.3	0.708	1606	2442	0.658	1569.4	1777.8	0.883
	1995		n.a.		1603.1	2042.8	0.785	1943.3	2415.8	0.804	1560.6	2160.3	0.722	2318.5	3099.8	0.748	2129.8	2628.1	0.810
Australia	1986	10.96	15.98	0.686	9.64	11.64	0.828	9.96	11.47	0.868	8.05	8.93	0.901	9.17	10.93	0.839	8.18	9.85	0.830
	1990	13.87	19.27	0.720	11.56	14.6	0.792	12.74	14.21	0.897	10.36	11.72	0.884	12.26	14.72	0.833	13.58	14.78	0.919
	1994	18.58	26.76	0.694	13.68	17.34	0.789	15.58	17.95	0.868	12.76	15.74	0.811	15.59	21.33	0.731	16.9	19.51	0.866
Finland	1986	26.74	43.8	0.611	29.83	41.84	0.713		n.a.		4862	6519	0.746	6108	9385	0.651	5869	7882	0.745
	1990	40.12	59.4	0.675	40.39	58.32	0.693		n.a.		6902	9235	0.747	8434	12880	0.655	7987	10676	0.748
	1995	49.37	72.25	0.683	44.32	58.7	0.755		n.a.		7932	10823	0.733	9993	16153	0.619	8839	11519	0.767
Norway	1986		n.a.			n.a.		57.48	64.78	0.887	8547	11184	0.764		n.a.			n.a.	
	1990		n.a.			n.a.		76.12	84.45	0.901	12827	16231	0.790		n.a.			n.a.	
	1995		n.a.			n.a.		90.8	97.56	0.931		n.a.			n.a.			n.a.	

(table cont'd)

Table 7.3 (con'd)

		Mining			Construction			Transport, Storage & Communication (T.S.C.)			Wholesale & Retail Trade, & Restaurants & Hotels (W.R.R.H.)			Financial Intermediation			Real Estate		
		female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m
UK *	1986	4.14	5.48	0.755	3.28	4.12	0.796	3.8	4.59	0.828	2.87	4.12	0.697	4.22	7.68	0.549	3.77	5.84	0.646
	1990	6.66	8.16	0.816	4.7	6.15	0.764	5.31	6.08	0.873	4.13	5.82	0.710	6.19	11.58	0.535	6.02	8.68	0.694
	1995	n.a.	10.2	n.a.	6.32	7.82	0.808	6.97	7.78	0.896	5.64	7.74	0.729	8.24	15.19	0.542	7.58	10.47	0.724
Sweden	1986	66.8	72.47	0.922	55.75	68.79	0.810	56.14	60.82	0.923	53.94	56.18	0.960		n.a.			n.a.	
	1990	87.54	100.89	0.868	83.24	102	0.816	89.8	91.03	0.986	73.08	77.17	0.947		n.a.			n.a.	
	1995	92.93	106.78	0.870	78.15	96.75	0.808	96.56	101.04	0.956	90.18	95.6	0.943		n.a.		84.31	97.24	0.867

Sources & notes: *Table 5A of the 1996 Yearbook of Labour Statistics,* ILO.

* United Kingdom's F.I.R.E. data is broken down into Financial Intermediation & Real Estate two series due to the new ISIC-88 (Int'l Std Industrial Classification of all Economic Activities) classifications.

Finland's W.R.R.H., F.I.R.E., C.S.P.S. end with 1994.

Norway data from Statistics Norway. W.R.R.H. as monthly earnings of employees in wholesale & retail trade only. In hotels & restaurants, the corresponding ratios are 0.961 in 1985, 0.902 in 1990.

Sweden's Mining & Construction 1995 data from Statistics Sweden; T.S.C. 1990 values are 1991's.

USA & Canada do not have gender breakdown in the same source book.

Australia's 1986 data from *Statistical Yearbook for Asia & the Pacific 1996,* Economic & Social Commission for Asia & the Pacific, Thailand, United Nations. (Ref HA 1665 U45 1996).

Table 7.4A Employment by Occupation (in thousands & % of Total)

					Administrative/Managerial					Professional/Technical				
		Female Total Employment (I)	Male Total Employment (II)	F/M (Total) (I)/(II)	Female This Occupation (III)	% of Total (III)/(I)	Male This Occupation (IV)	% of Total (IV)/(II)	F/M (III)/(IV)	Female This Occupation (V)	% of Total (V)/(I)	Male This Occupation (VI)	% of Total (VI)/(II)	F/M (V)/(VI)
U.S.A.	1985	47259	59891	0.79	4351	9.21%	7871	13.14%	0.55	8236	17.43%	8651	14.44%	0.95
	1990	53689	65104	0.82	5943	11.07%	8897	13.67%	0.67	9983	18.59%	9677	14.86%	1.03
	1995	57523	67377	0.85	7346	12.77%	9840	14.60%	0.75	11602	20.17%	10439	15.49%	1.11
Canada	1985	4794	6428	0.75	420	8.76%	872	13.57%	0.48	987	20.59%	882	13.72%	1.12
	1990	5624	6948	0.81	654	11.63%	971	13.98%	0.67	1213	21.57%	953	13.72%	1.27
	1993	5630	6753	0.83	707	12.56%	969	14.35%	0.73	1315	23.36%	1029	15.24%	1.28
Australia	1986	2716	4202.6	0.65	323.6	11.91%	506.5	12.05%	0.64	171	6.30%	589.8	14.03%	0.29
	1990	3258.6	4600.2	0.71	408.6	12.54%	587.3	12.77%	0.70	208	6.38%	657.8	14.30%	0.32
	1993	3259.1	4420.5	0.74	446.7	13.71%	584.9	13.23%	0.76	224.7	6.89%	657.2	14.87%	0.34
Japan	1985	23040	35030	0.66	140	0.61%	1970	5.62%	0.07	2450	10.63%	2930	8.36%	0.84
	1990	25360	37130	0.68	190	0.75%	2200	5.93%	0.09	2900	11.44%	4010	10.80%	0.72
	1995	26140	38430	0.68	210	0.80%	2160	5.62%	0.10	3420	13.08%	4480	11.66%	0.76
Singapore	1986	454.5	759.9	0.60	18.9	4.16%	35.7	4.70%	0.53	10.3	2.27%	79.3	10.44%	0.13
	1991	606.5	917.8	0.66	27.8	4.58%	49.4	5.38%	0.56	21.6	3.56%	115.9	12.63%	0.19
	1995	657.1	1043.8	0.63	41.9	6.38%	86.1	8.25%	0.49	33.6	5.11%	183.3	17.56%	0.18
Finland	1986	1167	1290	0.90	21	1.80%	84	6.51%	0.25	289	24.76%	231	17.91%	1.25
	1990	1179	1309	0.90	26	2.21%	85	6.49%	0.31	369	31.30%	231	17.65%	1.60
	1995	988	1104	0.89	24	2.43%	72	6.52%	0.33	370	37.45%	221	20.02%	1.67
Norway	1986	914	1172	0.78	26	2.84%	105	8.96%	0.25	240	26.26%	200	17.06%	1.20
	1990	915	1115	0.82	33	3.61%	97	8.70%	0.34	270	29.51%	208	18.65%	1.30
	1995	953	1126	0.85	45	4.72%	102	9.06%	0.44	328	34.42%	233	20.69%	1.41
Sweden	1986	2059	2240	0.92	n.a.		n.a.			854	41.48%	511	22.81%	1.67
	1990	2152	2333	0.92	n.a.		n.a.			909	42.24%	525	22.50%	1.73
	1995	1925	2061	0.93	n.a.		n.a.			911	47.32%	509	24.70%	1.79

(Table cont'd)

Table 7.4A (cont'd)

		Female Total Employment (I)	Male Total Employment (II)	F/M (Total) (I)/(II)	Female This Occupation (III)	% of Total (III)/(I)	Male This Occupation (IV)	% of Total (IV)/(II)	F/M (III)/(IV)	Female This Occupation (V)	% of Total (V)/(I)	Male This Occupation (VI)	% of Total (VI)/(II)	F/M (V)/(VI)
Hong Kong	1985	930.4	1613	0.58	10.8	1.16%	75.7	4.69%	0.14	75.8	8.15%	99	6.14%	0.77
	1990	986.9	1724.7	0.57	18.4	1.86%	98.4	5.71%	0.19	93.2	9.44%	129.5	7.51%	0.72
	1993	1039	1777.1	0.58	24	2.31%	107.3	6.04%	0.22	113.8	10.95%	158.5	8.92%	0.72

Sources & notes:

Singapore data based on Labor Force Sample Survey & ISCO-88 (Int'l Std Classification of Occupations). Some categories not comparable with ISCO-68, which is used by some.

Hong Kong data since 1994 is based on Int'l Std Classification of Occupations (ISCO)-88, not ISCO-68 as before. Hence, some data may be incomparable when back dating.

1985 & 1990 data are from Table 3C of Yearbook of Labour Statistics, 1995, ILO. Countries starting in 1986 are from the Table 2C of 1996 Yearbook of Labour Statistics, 1985 data from the 1995 Yearbook.

USA data beginning 1992 revised based on 1990 Census.

Sweden's data received since 1993 not backward comparable.

Finland's classification revised since 1988 not strictly backward comparable.

Due to the omission of unclassified workers, columns of "% of Total" may not sum up to 100%.

Table 7.4B Employment by Occupation (in thousands & % of Total)

		Clerical					Sales					Service				
		Female This Occupation (VII)	% of Total (VII)/(I)	Male This Occupation (VIII)	% of Total (VIII)/(II)	F/M (VII)/(VIII)	Female This Occupation (IX)	% of Total (IX)/(I)	Male This Occupation (X)	% of Total (X)/(II)	F/M (IX)/(X)	Female This Occupation (XI)	% of Total (XI)/(I)	Male This Occupation (XII)	% of Total (XII)/(II)	F/M (XI)/(XII)
U.S.A.	1985	13883	29.38%	3427	5.72%	4.05	6088	12.88%	6579	10.98%	0.93	8747	18.51%	5695	9.51%	1.54
	1990	14928	27.80%	3834	5.89%	3.89	7038	13.11%	7247	11.13%	0.97	9543	17.77%	6470	9.94%	1.47
	1995	14613	25.40%	3776	5.60%	3.87	7485	13.01%	7634	11.33%	0.98	10155	17.65%	6774	10.05%	1.50
Canada	1985	1520	31.71%	389	6.05%	3.91	460	9.60%	593	9.23%	0.78	870	18.15%	675	10.50%	1.29
	1990	1679	29.85%	410	5.90%	4.10	553	9.83%	661	9.51%	0.84	942	16.75%	716	10.31%	1.32
	1993	1557	27.66%	384	5.69%	4.05	547	9.72%	666	9.86%	0.82	971	17.25%	739	10.94%	1.31
Australia	1986	174.7	6.43%	231.3	5.50%	0.76	115.6	4.26%	1043.8	24.84%	0.11	885.2	32.59%	3119	7.42%	2.84
	1990	205.9	6.32%	254.4	5.53%	0.81	121.2	3.72%	1085.7	23.60%	0.11	1058	31.85%	307	6.67%	3.38
	1993	216.2	6.63%	239.8	5.42%	0.90	117.6	3.61%	1018.6	23.04%	0.12	990.4	30.39%	280	6.33%	3.54
Japan	1985	5680	24.63%	4530	12.93%	1.25	3240	14.06%	5370	15.33%	0.60	2730	11.85%	2280	6.51%	1.20
	1990	6950	27.41%	4620	12.44%	1.50	3600	14.20%	5790	15.59%	0.62	2900	11.44%	2450	6.60%	1.18
	1995	7570	28.96%	4950	12.88%	1.53	3620	13.85%	5820	15.14%	0.62	3350	12.82%	2760	7.18%	1.21
Singapore	1986	47.9	10.54%	75.8	9.97%	0.63										
	1991	78.2	12.89%	107.5	11.71%	0.73										
	1995	102.7	15.63%	162.9	15.61%	0.63										
Finland	1986	268	22.96%	72	5.58%	3.72	113	9.68%	81	6.28%	1.40	241	20.65%	65	5.04%	3.71
	1990	267	22.65%	89	6.80%	3.00	137	11.62%	106	8.10%	1.29	187	15.86%	74	5.65%	2.53
	1995	213	21.56%	77	6.97%	2.77	101	10.22%	93	8.42%	1.09	143	14.47%	67	6.07%	2.13
Norway	1986	181	19.86%	44	3.75%	4.11	113	12.36%	95	8.11%	1.19	213	23.36%	59	5.05%	3.61
	1990	170	18.58%	46	4.13%	3.70	115	12.57%	103	9.24%	1.12	204	22.30%	69	6.19%	2.96
	1995	151	15.84%	46	4.09%	3.28	114	11.96%	109	9.68%	1.05	205	21.51%	80	7.10%	2.56
Sweden	1986	428	20.79%	234	10.45%	1.83	208	10.10%	180	8.04%	1.16	280	13.60%	134	5.98%	2.09
	1990	472	21.93%	261	11.19%	1.81	207	9.62%	217	9.30%	0.95	278	12.92%	144	6.17%	1.93
	1995	400	20.78%	261	12.66%	1.53	179	9.30%	198	9.61%	0.90	227	11.79%	147	7.13%	1.54

(Table cont'd)

Table 7.4B (cont'd)

		Female *This Occupation* (VII)	*% of Total* (VII)/(I)	Male *This Occupation* (VIII)	*% of Total* (VIII)/(II)	F/M (VII)/(VIII)	Female *This Occupation* (IX)	*% of Total* (IX)/(I)	Male *This Occupation* (X)	*% of Total* (X)/(II)	F/M (IX)/(X)	Female *This Occupation* (XI)	*% of Total* (XI)/(I)	Male *This Occupation* (XII)	*% of Total* (XII)/(II)	F/M (XI)/(XII)
Hong Kong	**1985**	230.2	24.74%	168.3	10.43%	1.37	82	8.81%	198.5	12.31%	0.41	149.1	16.03%	271.1	16.81%	0.55
	1990	337	34.19%	189.3	10.98%	1.78	108.8	11.02%	237.9	13.79%	0.46	196.5	19.91%	279.2	16.19%	0.70
	1993	379.1	36.49%	212.2	11.94%	1.79	125.6	12.09%	256.8	14.45%	0.49	249.3	23.99%	288.8	16.25%	0.86

Notes: Singapore ISCO-88 & -68 incompatible beginning in Sales & Service!
USA data revised not strictly comparable in 1990.
Sweden's Clerical data also includes administrative and managerial workers.
Sweden's data revised since 1993 not backward comparable.
Finland's classification revised since 1988 not strictly backward comparable.

Table 7.4C Employment by Occupation (in thousands & % of Total)

		Production, Equipment Operators, Labourers					Agriculture, Animal Husbandry				
		Female		Male		F/M	Female		Male		F/M
		This Occupation (XIII)	*% of Total* (XIII)/ (I)	*This Occupation* (XIV)	*% of Total* (XIV)/(I)	(XIII)/(XIV)	*This Occupation* (XV)	*% of Total* (XV)/(I)	*This Occupation* (XVI)	*% of Total* (XVI)/(II)	(XV)/(XVI)
U.S.A.	1985	5404	11.43%	24752	41.33%	0.22	552	1.17%	2917	4.87%	0.19
	1990	5743	10.70%	26074	40.05%	0.22	544	1.01%	2907	4.47%	0.19
	1995	5594	9.72%	25998	38.59%	0.22	726	1.26%	2916	4.33%	0.25
Canada	1985	409	8.53%	2568	39.95%	0.16	128	2.67%	449	6.99%	0.29
	1990	456	8.11%	2819	40.57%	0.16	126	2.24%	408	5.87%	0.31
	1993	398	7.07%	2546	37.70%	0.16	134	2.38%	420	6.22%	0.32
Australia	1986	447.4	16.47%	1165.9	27.74%	0.38	598.4	22.03%	353.4	8.41%	1.69
	1990	526.5	16.16%	1265.4	27.51%	0.42	745.3	22.87%	425.8	9.26%	1.75
	1993	480.1	14.73%	1188.5	26.89%	0.40	772	23.69%	427.6	9.67%	1.81
Japan	1985	6300	27.34%	15200	43.39%	0.41	2410	10.46%	2610	7.45%	0.92
	1990	6590	25.99%	15530	41.83%	0.42	2130	8.40%	2350	6.33%	0.91
	1995	6220	23.79%	16140	42.00%	0.39	1650	6.31%	1980	5.15%	0.83
Finland	1986	136	11.69%	546	42.33%	0.25	96	8.23%	168	13.02%	0.57
	1990	114	9.67%	557	42.55%	0.20	76	6.45%	134	10.24%	0.57
	1995	78	7.89%	432	39.13%	0.18	55	5.57%	104	9.42%	0.53
Norway	1986	94	10.28%	525	44.80%	0.18	46	5.03%	105	8.96%	0.44
	1990	84	9.18%	458	41.08%	0.18	35	3.83%	93	8.34%	0.38
	1995	82	8.60%	443	39.34%	0.19	27	2.83%	78	6.93%	0.35
Sweden	1986	241	11.76%	1052	46.96%	0.23	50	2.43%	127	5.67%	0.39
	1990	247	11.48%	1059	45.39%	0.23	37	1.72%	117	5.02%	0.32
	1995	178	9.29%	848	41.15%	0.21	31	1.61%	97	4.71%	0.32
Hong Kong	1985	367.6	39.51%	772	47.86%	0.48	14.6	1.57%	28.2	1.75%	0.52
	1990	233.6	23.67%	783.2	45.41%	0.30	7.3	0.74%	17.1	0.99%	0.43
	1993	143.2	13.78%	739.7	41.62%	0.19	4	0.38%	13.8	0.78%	0.29

Notes: U.S. & Hong Kong Agricultural & Labourers 1990 data not comparable for 1990 in 96 & 95 *Year Book of Labour Statistics*.
Data used are from the 96 YearBook.
Finland's classification revised since 1988 not strictly backward comparable.
Norway's data revised in Q2 1988.
Sweden's data revised since 1993 not backward comparable.

Table 7.5 Female Labor Force Participation Rates (FLFP)

	1980	1985	1990	1996
U.S.A.	51.5	54.5	57.5	59.3
Canda	51.0	55.1	58.7	57.6
Australia	45.5	47.0	53.1	55.0
U.K.	47.8	50.0	53.2	53.5
Japan	46.6	47.6	49.1	49.3
Singapore	44.8	44.9	48.0	52.0
Finland*	n.a.	n.a.	n.a.	n.a.
Norway*	n.a.	n.a.	n.a.	n.a.
Sweden*	n.a.	n.a.	n.a.	n.a.
Hong Kong	45.3	48.5	46.8	47.8

Sources & Notes:

Hong Kong data from *Monthly Digest of Statistics,* Census & Statistics Department.
Singapore data from *Economic Survey of Singapore,* Ministry of Trade and Industry, Republic of Singapore.
Other countries from Office of Productivity and Technology, U.S. Bureau of Labour Statistics.
*Finland, Norway, Sweden data are not available through the same source. Figures with same definitions not available.
Singapore starts with 1981 rather than 1980 as the others.

Table 7.6 Labor Force Participation Rates (%) by Gender, Martial Status, and Age

U.S.A.		Male			Female			Female/Male Ratio		
		Never Married (I)	Married (II)	Widowed/Divorced/ Separated (III)	Never Married (IV)	Married (V)	Widowed/Divorced/ Separated (VI)	Never Married (IV)/(I)	Married (V)/(II)	Widowed/Divorced/ Separated (VI)/(III)
	1985	16-19	56.30	91.00	n.a.	52.30	49.60	51.90	0.93	0.55	n.a.
		20-24	81.50	95.60	95.10	76.30	65.70	66.20	0.94	0.69	0.70
		25-34	89.40	97.40	93.70	82.40	65.80	76.90	0.92	0.68	0.82
		35-44	84.60	96.80	91.80	80.80	68.10	81.60	0.96	0.70	0.89
		45-64	65.50	81.70	72.80	67.90	49.40	61.00	1.04	0.60	0.84
		65 and over	15.60	16.80	11.40	9.80	6.60	7.50	0.63	0.39	0.66
		Total	**73.80**	**78.70**	**68.70**	**66.60**	**53.80**	**45.10**	**0.90**	**0.68**	**0.66**
	1990	16-19	55.10	92.10	n.a.	51.70	49.50	53.90	0.94	0.54	n.a.
		20-24	81.60	95.60	93.10	74.50	66.10	65.40	0.91	0.69	0.70
		25-34	89.90	96.90	93.00	80.90	69.60	77.00	0.90	0.72	0.83
		35-44	84.50	96.70	90.70	80.80	74.00	82.10	0.96	0.77	0.91
		45-64	67.30	82.60	74.90	66.20	56.50	65.00	0.98	0.68	0.87
		65 and over	15.70	17.50	12.00	12.10	8.50	8.40	0.77	0.49	0.70
		Total	**74.80**	**78.60**	**68.90**	**66.70**	**58.40**	**47.20**	**0.89**	**0.74**	**0.69**
	1995	16-19	54.40	89.20	43.80	52.20	51.60	55.80	0.96	0.58	1.27
		20-24	80.30	94.90	92.70	72.90	64.70	67.20	0.91	0.68	0.72
		25-34	88.70	96.30	90.90	80.20	72.00	77.10	0.90	0.75	0.85
		35-44	81.40	95.40	88.20	79.50	75.70	80.70	0.98	0.79	0.91
		45-64	67.00	82.40	72.40	67.30	62.70	67.20	1.00	0.76	0.93
		65 and over	17.90	18.00	12.10	11.60	9.10	8.40	0.65	0.51	0.69
		Total	**73.70**	**77.50**	**66.20**	**66.80**	**61.00**	**47.40**	**0.91**	**0.79**	**0.72**

(Table cont'd)

Table 7.6 (con'd)

Hong Kong			Male			Female			Female/Male Ratio		
			Never Married (I)	Married (II)	Widowed/Divorced/ Separated (III)	Never Married (IV)	Married (V)	Widowed/Divorced/ Separated (VI)	Never Married (IV)/(I)	Married (V)/(II)	Widowed/Divorced/ Separated (VI)/(III)
	1986	15-19	37.60	83.70	66.70	33.20	53.70	63.60	0.88	0.64	0.95
		20-24	87.40	98.00	93.60	89.70	61.10	87.50	1.03	0.62	0.93
		25-34	96.30	98.80	94.50	95.20	53.00	77.20	0.99	0.54	0.82
		35-44	92.00	98.60	94.50	91.10	55.00	74.60	0.99	0.56	0.79
		45-54	86.60	95.00	87.60	81.40	47.50	56.20	0.94	0.50	0.64
		55-64	73.70	71.40	62.20	62.40	29.20	30.20	0.85	0.41	0.49
		65 and over	36.60	31.30	21.80	23.40	14.30	9.90	0.64	0.46	0.45
		Total	**76.10**	**85.80**	**53.90**	**69.80**	**47.00**	**24.50**	**0.92**	**0.55**	**0.45**
	1991	15-19	35.10	65.60	14.30	28.20	53.90	100.00	0.80	0.82	6.99
		20-24	84.20	93.80	89.30	86.70	64.30	80.10	1.03	0.69	0.90
		25-34	95.10	97.90	95.50	95.40	54.90	81.00	1.00	0.56	0.85
		35-44	91.50	97.90	92.20	91.30	52.60	76.10	1.00	0.54	0.83
		45-54	83.50	93.90	84.80	83.70	47.40	55.50	1.00	0.50	0.65
		55-64	68.90	68.70	56.70	59.50	23.70	23.40	0.86	0.34	0.41
		65 and over	30.50	23.60	15.60	15.40	8.50	5.90	0.50	0.36	0.38
		Total	**74.80**	**82.80**	**46.70**	**69.80**	**45.00**	**21.00**	**0.93**	**0.54**	**0.45**
	1996	15-19	28.80	62.70	0.00	22.50	41.20	80.30	0.78	0.66	n.a.
		20-24	78.80	94.40	92.10	79.20	63.30	82.60	1.01	0.67	0.90
		25-34	95.70	97.90	94.50	93.30	63.00	77.40	0.97	0.64	0.82
		35-44	92.80	97.50	93.50	87.40	52.30	73.20	0.94	0.54	0.78
		45-54	84.90	94.60	87.70	81.70	47.80	63.70	0.96	0.51	0.73
		55-64	62.10	67.10	53.70	50.70	20.10	22.20	0.82	0.30	0.41
		65 and over	22.10	18.10	10.40	11.30	4.40	2.70	0.51	0.24	0.26
		Total	**72.50**	**80.70**	**47.00**	**67.90**	**45.50**	**22.10**	**0.94**	**0.56**	**0.47**

Notes: U.S.A. data from Table No. 624 of Statistical Abstract of the United States 1996, U.S. Department of Commerce.
Hong Kong data from Table 5.8 of *1996 Population By-census Main Report*, Census & Statistics Department.

Comparison: *Hong Kong's Female Labor Force Participation Rates for married women were below U.S. levels in the 1990s across all age groups. In the mid-80s, Hong Kong married women ages below 20 and above 64 actually were more employed than U.S. women.*
Hong Kong's Female Labor Force Participation Rates for single women were above U.S. levels except in the below 20 age groups across time.
Hong Kong's Female Labor Force Participation Rates for widowed/divorced/separated women were below U.S. levels in the 35+ age groups in the 1990s.
Hong Kong Female/Male Labor Force Participation Rate ratios were below U.S. levels across time for the married group for all ages; and were also below U.S. levels for the widowed/divorced/separated group by 1996. For the single group, consistently above U.S. level in the 25-34 ages.
Overall, Hong Kong's Female Labor Force Participation Rates were below U.S. levels in the married and widowed/divorced/separate groups.

Table 7.7A Hours of Work per Week by Industry

		Manufacturing			Mining & Quarrying			Construction			Transport, Storage & Communication (T.S.E.)		
		female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m
Hong Kong	1986	42.00	47.80	0.88				42.30	45.80	0.92	41.00	48.80	0.84
	1990	41.80	45.90	0.91	n.a.			41.20	45.00	0.92	40.70	47.80	0.85
	1995	41.10	45.30	0.91				40.50	41.60	0.97	40.30	47.00	0.86
Japan	1986	39.60	50.10	0.79	42.70	49.70	0.86	36.80	51.00	0.72	40.60	52.30	0.78
	1990	38.90	50.10	0.78	41.20	49.70	0.83	36.60	50.80	0.72	38.50	52.50	0.73
	1995	37.80	46.80	0.81	41.70	46.60	0.89	36.50	48.00	0.76	37.60	49.30	0.76
Australia	1986	32.70	38.60	0.85	33.00	37.50	0.88	25.50	39.50	0.65	31.10	36.80	0.85
	1990	33.20	39.90	0.83	35.90	42.00	0.85	28.20	40.20	0.70	31.90	38.60	0.83
	1994	33.10	40.80	0.81	39.30	44.00	0.89	27.50	41.70	0.66	31.70	40.40	0.78
U.K.	1986	38.80	42.80	0.91	37.50	42.40	0.88	37.80	43.30	0.87	38.60	45.30	0.85
	1990	39.10	43.40	0.90	37.40	44.60	0.84	37.60	44.40	0.85	38.70	45.50	0.85
	1995	39.30	43.00	0.91	38.10	46.60	0.82	38.40	44.10	0.87	39.90	45.60	0.88
Finland	1986	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	
	1990	38.20	38.20	1.00	37.60	38.20	0.98	38.50	38.90	0.99	n.a.	n.a.	
	1995	38.20	38.30	1.00	n.a.	40.10	n.a.	40.00	39.60	1.01	n.a.	n.a.	
Norway	1986	31.90	40.60	0.79	38.20	45.50	0.84	28.40	41.50	0.68	31.90	42.50	0.75
	1990	31.30	38.90	0.80	38.20	44.30	0.86	29.40	40.10	0.73	31.80	42.10	0.76
	1995	31.80	38.40	0.83	39.90	43.40	0.92	27.50	40.20	0.68	32.50	41.50	0.78
Sweden	1987	n.a.	n.a.		31.40	38.80	0.81	31.10	39.30	0.79	32.00	39.00	0.82
	1990	n.a.	n.a.		32.30	38.90	0.83	32.20	39.40	0.82	34.70	39.80	0.87
	1995	n.a.	n.a.		32.50	38.90	0.84	31.00	39.20	0.79	33.60	39.20	0.86

Notes: *ALL* data are from Table 4A of the 1996 *Yearbook of Labour Statistics*, ILO.
Japan's data are from Labor Force Sample Survey, not by Establishments.
Japan's Mining & T.S.E. data last observation is 1994, not 1995.
U.K. data are from Establishment Survey & new ISIC (Int'l Std Industrial Classification of all Economic Activities) of 1990.
Some U.K. categories are not comparable with old ISIC. Hence, the separate categories of Wholesale & Retail, Hotels & Restaurants, Finance, Real Estate on Table 7.7B.
Australia data from Labor force sample survey.
U.S. , Canada, & Singapore DO NOT have breakdown by gender by the same source book.

Table 7.7B Hours of Work per Week by Industry

		Wholesale, Retail, Restaurants, & Hotels (W.R.R.H.)			Finance, Insurance, Real Estate & Business Services (F.I.R.E.)			Social & Personal Services			
		female	male	f/m	female	male	f/m	female	male	f/m	
Hong Kong	1986	49.3	55.2	0.89	39.1	43.8	0.89	43.6	46.2	0.94	
	1990	46.3	50.6	0.92	39.3	43.6	0.90	43.9	45.1	0.97	
	1995	45	49.3	0.91	39.8	44.9	0.89	46.1	44.8	1.03	
Japan	1986	42.8	55.6	0.77	42	51.6	0.81	40	48.9	0.82	
	1990	40.9	54	0.76	38.9	48.4	0.80	39	48.1	0.81	
	1995	38.7	51	0.76	37.6	46.1	0.82	37.4	45.9	0.81	
Norway	1986	28.1	41.2	0.68	32	42.6	0.75	28.7	39.9	0.72	
	1990	28.6	39.9	0.72	33	41	0.80	29.6	38.3	0.77	
	1995	28.4	38.2	0.74	32.2	40.4	0.80	30	37.9	0.79	

		Wholesale & Retail			Hotels & Restaurants			Finance			Real Estate		
		female	male	f/m	female	male	f/m	female	male	f/m	female	male	f/m
U.K.	1986	38.3	41.8	0.92	38.5	42.5	0.91	36	36.6	0.98	36.8	39.8	0.92
	1990	38.4	42	0.91	39.1	42.6	0.92	36.3	36.6	0.99	37.1	40.7	0.91
	1995	38.8	42.1	0.92	39.3	42.3	0.93	36.4	36.8	0.99	37.7	41.3	0.91
Sweden*	1987	30.2	39.7	0.76	30.6	38.5	0.79	31.6	38.9	0.81			
	1990	31.2	39.3	0.79	31.7	38.2	0.83	33.1	39.2	0.84			
	1995	31	39.2	0.79	31.1	36.9	0.84	32.6	39.4	0.83			

NoteS: *ALL* data are from Table 4A of the 1996 *Yearbook of Labour Statistics*, ILO.
See Table 7.7A's "note" for more explanations.
Some U.K. catgories are not comparable with old ISIC. Hence, the separate categories of Wholesale & Retail, Hotels & Restaurants, Finance, Real Estate.
Japan's W.R.R.H., F.I.R.E., & Services data last observation is 1993.
* Sweden's Finance data also include Real Estate.

Table 7.8 Unemployment Rate (%)

	1985			1986			1990			1995			1996		
	Female	Male	F/M	Female	Male	F/M	Female	Male	F/M	Female	Male	F/M	Female	Male	F/M
U.S.A.	7.40	7.00	1.06	7.10	6.90	1.03	5.50	5.70	0.96	5.60	5.60	1.00	5.40	5.40	1.00
Canada	10.70	10.40	1.03	9.80	9.40	1.04	8.10	8.10	1.00	9.20	9.80	0.94	n.a.	n.a.	
U.K.	10.70	11.60	0.92	10.60	11.50	0.92	6.50	6.90	0.94	6.80	9.90	0.69	6.40	9.20	0.70
Australia	8.80	7.90	1.11	8.70	7.70	1.13	7.20	6.70	1.07	8.00	8.80	0.91	8.30	8.80	0.94
Japan	2.70	2.60	1.04	2.80	2.70	1.04	2.20	2.00	1.10	3.20	3.10	1.03	3.40	3.40	1.00
Singapore	4.10	4.20	0.98	5.50	7.00	0.79	1.30	1.90	0.68	2.80	2.70	1.04	n.a.	n.a.	
Finland	4.60	5.50	0.84	4.60	6.10	0.75	2.80	4.00	0.70	16.70	17.30	0.97	16.50	16.10	1.02
Norway	3.10	2.20	1.41	2.50	1.50	1.67	4.80	5.60	0.86	4.60	5.20	0.88	4.90	4.80	1.02
Sweden	2.90	2.80	1.04	2.20	2.20	1.00	1.60	1.70	0.94	6.90	8.50	0.81	7.50	8.50	0.88
Hong Kong	2.60	3.50	0.74	2.50	3.00	0.83	1.30	1.30	1.00	2.90	3.40	0.85	2.30	3.10	0.74

Source: Table 3A of Yearbook of Labour Statistics, 1996, ILO.

8. Interviews of Local Firms and Unions

In Hong Kong, only a few leading enterprises have conducted job evaluations. This is partly due to the flexibility of the labour market, and partly due to the management style of local firms. Many medium and small size firms do not have detail job descriptions and specifications, and their employees are expected to shift among different jobs in response to the situation. Implementation of pay equity and job evaluation in these firms are clearly difficult.

This study has conducted penetrative in-depth interviews of three clusters of firms to understand the problems that local enterprises may encounter in implementing pay equity. Relevant documents pertaining to job evaluation such as job description/specification and performance evaluation have been sought.

A. **Cluster one**: Two case-studies of leading corporations, namely, Cathay Pacific Airways Ltd., and Philips China Hong Kong Group. Both firms have practised job evaluation. The basic purpose is to benchmark the current practices and explore the benefits and problems experienced.

B. **Cluster two**: Two cases studies of medium-sized and small firms which have not adopted job evaluation. We are grateful to both the Hong Kong Employers' Federation and the Hong Kong Chamber of Small and Medium Business Ltd. for their generous and kind support in assisting us to liaise with the firms. The respondent firms will be probed on issues such as:

    a. Their attitude and receptivity to the notion of job evaluation;

    b. Their orientation towards promoting and achieving equal and non-discriminating pay arrangements in the workplace;

    c. Their preparedness to introduce job evaluation;

    d. Their capabilities in terms of resources to carry out job evaluation; and

    e. Their views on the cost implications of pursuing pay equity and their likely reactions when equal pay becomes mandatory under law with implications of damage liabilities.

C. **Cluster three**: In-depth interviews with officials of four trade union centres (the Hong Kong Confederation of Trade Unions (CTU), the Hong Kong and Kowloon Trades Union Council (TUC), the Hong Kong and Kowloon Federation of Labour Unions (FLU), and the Hong Kong Federation of Trade Unions (FTU)) to ascertain their reactions to and desires for pay equity. Their perceived ramifications of pay equity enactment on wages and employment were also be solicited.

These case studies will presumably find it hard to claim a representativeness because of its limited number by virtue of the "case study" method. However, the findings yielded are expected to elucidate an illuminative and penetrative cross-section of what is being practised and what are the possibilities and problems, if any, in the domain of achieving parity and a fair deal at work across the gender divide in Hong Kong.

8.1. The Framework Questionnaire

For purposes of introducing a degree of comparability in the answers and responses elicited from these three clusters of subject organisations, we designed a framework questionnaire schedule, loosely structured and basically constructed to elicit spontaneous and authentic views from the respondents with "probe" statements, as a principal instrument to organise discussions in these interview sessions. This framework schedule of the key and skeleton questions asked in these case studies is attached to this report as Appendix IV. In addition, company reports, information brochures and written data pertaining to their policies and procedures governing pay arrangements, job evaluation, performance appraisal and other human resource practices and norms like career development, promotion and in-service training, etc. were also sourced as ancillary and supplementary materials in this piece of empirical inquiry into Hong Kong industry's profile and prospect of practising norms of "equal pay", as articulated by both sides of industry.

8.2. Cluster One: The Benchmarking Corporate Employers

Our case study series was anchored upon two "lead" corporations in Hong Kong against which we could benchmark for the best practices in pursuance of job evaluation, and performance appraisal. Such modern human resource activities are important for the corporate image and they are often used to promote human rights workplace ethos such as anti-discrimination and equitable pay norms, gender equality and a fair deal at work. Given these considerations, we have identified two leading corporations - both distinguished as businesses of globalised activity as well as cosmopolitan perspective. The first was a subsidiary of the giant and time-honoured multinational corporation, Philips, which caters to the China-Hong Kong region (alternatively known as "Greater China"); and the second was a Hong Kong based airline, the Cathay Pacific Airways. Both corporations are likewise pursuing a trendy exercise of business adjustment, organisation re-structuring and human resource consolidation plus performance enhancement.

Both of these two transnational enterprises were well equipped each with an established system of job evaluation (JE) as a key instrument in constructing a structured and sophisticated pay and salary scale. And in the case of the airline, a multiple pay scale system comprising a number of grade families catering to the ground staff, the cabin crew staff and the pilots as well as the office (clerical-cum-managerial) staff has been in place, suggesting a pluralistic situation of differentiated rather than a

unified pay structure. However, in both cases, it was represented to us that gender equity had never been a central issue but at best, peripheral in helping ensure the identification of the best performer with highest potentiality and versatility. The corporate policy was hence, instead, to marginalise or even nullify (i.e., to deem as irrelevant) any positive preferences or negative prejudices owed to the sex attribute in such assessment.

In such context, what has been purported as norms of equitable pay, equitable treatment and equitable opportunities at these two corporate workplaces could be condensed to a dualistic dicta of:

1) placement of the best qualified for the job or for the tasks to be performed; and

2) equitable reward and incentive payment as commensurate with performance and contribution to business advances. In essence, what has been assuming strategic importance is the cornerstone notion of assessing performance, which entail basically human judgement in purportedly rationalised and controlled (and consistent) procedures of selection and performance assessment. Such procedures are the key to what has hence been labelled under the trendy concept of "level playing field" - namely, an open and competitive arena for all capable persons free of discrimination.

In the case of Philips, its job evaluation scheme is a points based system procured from and serviced by the Hay Consultancy Group. Philip's policy document on "Job Grading System" states that "systematic job evaluation" is the key and "first essential step" to establishing a system of pay. The core factors include know-how, problem-solving abilities, and accountability. The document states that the graded pay scales "are associated with positions or jobs, not persons". Job evaluation frees the assessment and pay value computation activity from any personal effects of biases and prejudices. The Philips system purports to be resilient and adaptable, flexible in accommodating with necessary adjustments in varying the relative worth and location of specific jobs in the graded scale, so as to reconcile with both external as well as endogenous shifts in the wider markets and inside the workplace, as each job may change in value alongside its variations in content, scope and depth.

A sample of the job description proforma devised by Philips Electronics China Group is annexed to this report as Appendix V. It is a sophisticated design aimed at eliciting an ample "embrace" of pertinent information covering such key aspects as the job purposes; number of subordinates and annual budget costing involved; its location within the organisation; the product and service associated with the job; its geographical coverage; the nature of work relationships entailed (both intra-organisational as well as external, in liaising and dealing with other business units); its character of decision-making authority, challenges and difficulties, as well as its job requirements pertaining to key attributes like academic and professional qualifications, work experience, language ability, frequency of overseas trips, computer knowledge and others; plus listing of four to eight items of "principal accountabilities and competencies".

The job evaluation procedures at Philips are a time consuming and expensive process. Such a cumbersome task not only calls heavily upon the resources of the Human Resources department but also levies significantly upon the time and attention of the holder of the job assessed, as well as of his/her supervisor and assessors of the job, both of whom have to be personally involved and labour patiently in preparing and going through the heavily prescribed procedures. The entire procedure entails also an external dimension of drawing comparability against the going rates in the wider wage market. However, to Philips such an elaborate exercise in appraising jobs for pay rationality apparently pays off. The jobs assessed are priced accordingly on the basis of comprehensive market pay surveys to ensure Philips' competitiveness as a "good employer" in the employment market.

However, a hiatus clouding the creditability and image of such a elaborate system is the stringent limits placed by the company upon disclosure of information. Individual staff members are warned against communicating with each other or outsiders about actual pay awarded or generically, the monetary details of grades and salary levels - which are classified as "confidential company information". Disclosure of such pay information is liable to result in disciplinary actions.[1] In such a competitive and individualised labour market as Hong Kong's, such a workplace culture of embargoing pay information is actually not unusual. However, a practice of non-disclosure can run contrary to the principle of "equal pay for equal value" by precluding interpersonal comparisons.

In the case of Cathay Pacific Airways, the competitive nature of a basically globalised airline industry has induced this Hong Kong based air carrier to adopt a highly innovative business strategy, which has far-reaching repercussions upon its human resource and pay policies. The pervasive theme of changes in managing its staff and people appears to be a shift towards the nexus of "flexibility", "adaptability" and "adjustments for austerity and cost effectiveness". Its management whom we interviewed in this study indicated that in order to cope with the imperative nature of performance pay under a competitive air travel business environment, it would no

[1] Such a rule governing "confidentiality of personal information" is prescribed under section 8 of the Philips code of conduct, published by Philips China Hong Kong Group in August 1995. The rule emanates, in part, from the recent enactments of the Protection of Privacy Ordinance in Hong Kong which aims at conserving the individual's right of access to and disposal of his/her personal information and data, both at the workplace and in his/her private life domain. It is hence imperative to take this piece of contradictory legislation into consideration if any equal pay is to be introduced to Hong Kong - given that the statutory requirement of non-disclosure can be construed at the workplace to preclude any open communication of pay information, a practice necessary to enable anyone being discriminated against to be able to draw reference against his/her "comparator". Such a "privacy" norm already installed in the statute book is liable to pose a hurdle to the technicalities of operationalising and enforcing any future legislation on equal pay. And the "Employee Privacy" clause in the Philips Code of Conduct is worth noting for reference by the Hong Kong Equal Opportunities Commission, cited as follows:

> "The privacy of an employee's information must be preserved. Employees who gain access to employees' personal information, because of their positions, have an obligation to respect and preserve the confidentiality of that information. For example, information must not be disclosed relating to other employees' salary, management development information, loan arrangements etc., unless the persons requesting the information require such information in the course of discharging their duties. Discussion on confidential matters such as grade, salary level, appraisal rating between employees are not allowed."

longer be practical nor cost effective to adhere to a rigid and inflexible system of fixed job anchors to determine, *a priori*, a highly structured scheme of interval relativity of job worth or job value. Although the company is still retaining a skeleton JE mechanism procured from the Hay Consultancy, the pay scales have proliferated on the basis of this point-rating assessment method because of the complexity of "jobs" and staff grades now evolving in an industry where technology, technical and social skills have advanced drastically and rapidly. Invariably, a job evaluation exercise or its periodic review, which is expensive on its own, easily becomes obsolescent or even defunct.

As the anchoring notion of a job can no longer constitute a stable measuring rod, the centrality of a pay scale (scales) classifying jobs into pay grades has also been emasculated. Instead, the nexus of "equity" in determining a fair deal at work is now "performance". Performance appraisal has accordingly ascended above job evaluation. What has actually developed and been consolidated by Cathay Pacific Airways is now a hybrid system combining both properties of job evaluation and performance appraisal activities. The placement of individuals in a pay scale by grades is kept intact but inter-grade movement and transfer, both lateral and vertical, have become commonplace. Much of the information now generated by job analysis is channelled, instead, to a performance checklist labelled as the key results areas (KRA). The KRAs are basically to be identified and agreed jointly between the assessed and the assessor (normally, the supervisor) for purposes of defining the related performance objectives, to be applied in conjunction with an agreed listing of job related requirements (JRRs) in an elaborate appraisal procedure which is actually reminiscent of the "management by objective" (MBO) approach preached by McGregor and other behavioral scientists in the 1960s and 1970s.

To administer this modernised version of performance assessment by comparing objectives and results in key areas of business (corporate level) and work (individual level) activities, Cathay Pacific Airways has painstakingly instituted a corporate-wide system of setting job and performance standards, to include, *inter alia*, a series of four explanatory pamphlets circulated to its staff, namely: 1) Behavioral Indicators; 2) Setting Key Results Areas; 3) Standard Setting Meeting; and 4) Progress Review Meetings. A brief summarising these guidelines in handling Cathay's staff appraisal procedures is attached to this report as Appendix VI.

In Philips, an analogous arrangement bridging together commitment and performance of the company and its staff is also pursued under the practice of "performance pledge". The "customer" nexus pertains to such quality-oriented activities including: 1) Philips' commitment to customer service; 2) Philips' pre-sales customer service; 3) Philips' after-sales customer service; and 4) Philips' customer information services. The issue of performance appraisal at Philips will be addressed again in a later section.

The question that still needs addressing in our case studies on these two "lead" corporate employers is whether Cathay or Philips or both are of benchmarking importance as a standard-bearer in pace-setting and advancing the cause of equal opportunity, equitable reward, equal pay and non-discrimination in the workplace.

Cathay's policy in personnel and employment has been a consciously articulated image and philosophy to behave as a "lead" employer in "level playing" field. Such a field of "level" treatment hence suggests an arena of open, even and fair competition for the competent staff members. Such a trendy label is Cathay's hallmark as an "equal opportunity" provider in pay, promotion and other "life chances" available to its staff at work and employment. By virtue of such a policy, Cathay has purportedly not pursued any action which would have been prejudicial , or implied any biases, against any individual on the basis of either sex, race or other disabling criteria. Such a liberal approach adopted by Cathay is arguably consistent with its sizable expansion in the 1980s into what it is now, as a trans-national airline hiring a cabin fleet which is increasingly multi-racial and multi-cultural in composition. Alongside with such developments, Cathay has also liberalised its previous and conservative attitude in having attached a past preference to the constitution of its cabin crew fleet with young and women members of its workforce. (There used to be a disproportionate, if not overwhelming, predominance of young girls among its establishment of flight attendants, as well as an age differential for calling retirement from active flight service assignments between the two sexes. However, these practices have apparently now been rescinded).

By adopting a clear policy of "Level Playing Field", Cathay expressly repudiated any policy decisions based upon the discriminatory criteria of race and gender. As perceived by management, these "divides", if they have ever been relevant before, are "no longer issues" causing concern, grievances and deprivations within its workforce, whether explicit or implicit. By pursuing consciously a staff and personnel policy which trivialises or nullifies considerations of race, ethnic origin and gender, the company claims to recognise market forces and marketable human skills and competencies as the key leverage in its decisions in the "level playing field".

The following profile shifts on a selected aspects of Cathay's key personnel practices hence help illustrate the new corporate "paradigm" of "equalisation" across the ethnic, gender and marital status "divides":

*1) Recruitment

Pre-reform	**Post-reform**
– Photographs are required to accompany applications	– Photographs are rescinded as an attached requirement
– No specification on marital status of applicants	– The same arrangement continued
– Gender specification by certain job advertisements	– Silent on gender and open to both male and female

2) Pilot Selection:

Pre-reform	Post-reform
Almost exclusively sourced from places of Anglo-Atlantic/Pacific background like UK, Australia, New Zealand, and Canada; preponderantly male, trained, well-experienced and licensed.	Inception of a cadet pilot programme in 1987 admitting Hong Kong residents into a traineeship programme for the professional career of an air pilot and having enrolled altogether 83 locally recruited pilots in the scheme. – Now internationally sourcing pilots from the global network as a consequence to the liberalisation of pilot licensing rules – Admission of female pilots

3) Recruitment of Cabin Attendants

Pre-reform	Post-reform
– Young single female as a nostalgic practice in the past; good health, good eyesight, clear complexion, pleasant personality and appearance	– Levelling by stages: 1995: – Narrowed but perceptible gender-based differentials prescribing – for female entrants: 19-27 in age and at least 5ft 2in in height, for male entrants: 21-27 in age and at least 5ft 6in in height.
	1996: – Levelling in age but gaps still in height between the two sexes, so that – for female: at least 5ft 2in, – for male: at least 5ft 6in. – Otherwise, uniform criteria including 19-38 years in age; good health, warm personality and pleasant appearance.

	1997 and beyond: – equalisation of entry criteria prescribing for both sexes age of 19 or above and height at least 5ft 2in; plus warm personality and pleasant appearance.

4) Retirement Age of Cabin Attendant

Pre-reform	**Post-reform**
Females retiring at age 40 and males retiring at age 55	In response to union's demand and as a sequel to the 1993 strike (of cabin attendants), now equalised at the age of 45, levelling between the men and women.

As a concomitant to the above listed updating of practices, there has been also an indicative shift in the gender composition of the workforce at Cathay. This is illustrated by the statistics cited below for the nine-year period between 1986 and 1994, which suggest a steady rise in the women's relative share in Cathay staff composition.

Year / Sex	1986	1987	1988	1989	1990	1991	1992	1993	1994
Women	3,685	4,524	5,497	6,655	7,263	7,248	7,574	8,065	8,244
Men	3,971	4,057	4,645	5,073	5,501	5,499	5,666	5,792	5,972
Total	7,656	8,581	10,142	11,728	12,764	12,747	13,240	13,857	14,216

(source: Cathay Pacific Airways Limited, Cathay Pacific Annual Report, 1994, Hong Kong , 1995, p. 2)

In summary, it can be observed that Cathay is probably among those "lead" corporate employers in Hong Kong propagating and pursuing a human resource policy as well as a corporate image as an "equal opportunity" employer. However, even for Cathay Pacific, what the company has articulated is a clear preference for a voluntary approach allowing adequate flexibility for the employer to achieve what is permissible within the practical constraints of business and work performance imperative and requirements. Cathay pledges a commitment to eradicating any acts and practices of discrimination. This notwithstanding, Cathay is anyway against any prospective codification in Hong Kong and the future of these practices beyond non-mandatory codes of practice. To Cathay, any detailed and coercive legal norms imposing rigidly

prescribed duties and liabilities upon the employer are likely to be laborious, cumbersome, counter-productive, restrictive upon business and stifling incentive and work performance. Specifically, an equal pay legislation is likely to be perceived as hardly friendly to business.

Adding to the above are practical constraints arising even from the suspicion, resentments and resistance of the workforce itself. Defensive actions and opposition represented by its staff unions in some of its outports towards hiring any male pursers alongside female ones (exclusive female hiring being the norm and tradition in the past) have posed a practical handicap to the transnational airline to harmonise on a corporate-wide basis its equal pay and "level playing" practices: the cross-cultural variations between Cathay's outport practices need patience and time to be harmonised and levelled out.

In the case of Philips Electronic China, this giant Holland-based multinational corporation appears to have assumed in Hong Kong a low profile on the frontier of advancing its image as an "equal opportunity" employer. Attempting to revive the company from the setbacks of low performance and heavy (financial) loss of NLG 590 million in 1996 by an enhanced programme of global restructuring (Philips, 1997, p. 8), it has attached its primary corporate priority to an agenda, pragmatic and imperative in order to deal with the crisis, "first to restore profitability in (their) current business, and then address the other fundamental issues facing (their) company" (Philips, 1997, p. 8). Such a group strategy committed to rationalising and consolidating Philips' core business activities has left a narrow scope for bettering the workforce's deals and conditions.

In this context, it is understandable that in our interviews with its Hong Kong management, our respondents conceded that Philips did not aim to excel and distinguish itself as a key pattern-setter in pioneering the practice of on-discrimination's.[2] However, what has been pursued is, instead, a human resource principle of uniformity in appraising performance of staff and assigning to them opportunities of career development and management training (Philips, 1997, p. 19). Such a norm is reiterated in Philips' "Company Policies and Procedures" (Appendix VII). This policy document sets out, for conducting its staff performance appraisal process, a detailed body of key "level-playing" procedures, rules and their rationale. A central theme pervading this literature of corporate human resource policies and philosophy was the imperative nature of standardisation, uniformity, consistency and hence non-discrimination owed to any personal biases and preferences.

In response to our probes, the Human Resource Department representative in Philips claimed, unequivocally, that Philips in Hong Kong was qualified beyond any dispute "as an equal pay employer" because it had been consistent in applying the principle of "equal pay for equal (job) worth". The Philips' experiences with an almost

[2] This notwithstanding, Philips is perhaps a standard-bearer in practising equal arrangements in the provisions of facilities for parenthood to its workforce. Although the length is just token, male employees are entitled to paternity leave, analogous to the provision of maternity leave to female employees. See section 5 "Leave and Holidays", items 5.9 on "Maternity Leave" and 5.10 on "Paternity Leave", in Philips, Philips Employee Handbook, pp. 12-13.

classic version of the job evaluation device in designing a pay-scale structure were that the system needed regular and periodical reviews to update and service the pay scales, although the entire mechanism seemed to have worked well and satisfactorily. However, a scheme as sophisticated as Philips' has not been immune entirely from problems of biases, unfairness and other technicalities associated with basically subjective judgements. These problems are again obvious and perhaps inherent in any job assessment procedure and exercise. Another concern was the amount of time spent and consumed in processing activities and decisions associated with these exercises. The complaints were often represented by these senior line managers that the job evaluation programme as well as the "companion" activity of performance appraisal have impinged laboriously and affected their capacity in coping with their business loading - which would have warranted 'priority" attention.

Our host in Philips' Human Resource Department agreed that these human assessment processes, in spite of the equity and incentive rationale behind them, have grown to such a complicated dimension as prone to become cumbersome and bureaucratic - with the risk of levying a burdensome administrative chore upon the assessor and assessed, the supervising and supervised staff, throughout the hierarchy.

As it was articulated to us openly and clearly in our interview, this Human Resource specialist in Philips viewed both performance appraisal and job evaluation activities as managerial tools which would be fair, equitable and motivating if these were conducted "properly" but in the real life context of workplace behaviour and politics, pervaded by the contest of individual interests, haggling and negotiations, these qualities were likely to be compromised and curtailed heavily by imperfections. These defects and limitations, due to and in spite of such institutionalised (and rational) safeguards as elaborate procedures governing job evaluation and performance appraisal, would be disadvantaging those individuals lacking the social skills and power resource to influence the appraisal and assessment activities in their favour. The distorted equity and reliability of these grading activities would hence be liable to pervert the logic of their intention (both normative and instrumental), resulting in demotivated performance, workplace grievances and probably a drift towards staff indulgence in workplace factionalism and politics. In a large-scale corporate workplace like Philips (and Cathay as well), performance appraisal and job evaluation arrangements were prone to be so bureaucratised that they became at the same time vulnerable to a variety of human biases, abuses and organisational pathos. The invisible price to be paid for accomplishing the "ideal" notion "equal pay" or "level playing field" could be both heavy and costly, given the impressions which we were able to collect and collate from these two "benchmarking" lead employers in Hong Kong's labour and human resources practices.

8.3. Cluster Two: The Small and Medium-sized Enterprises

The second cluster of case studies was based upon our investigation of two small and medium-sized enterprises in Hong Kong. We were able to elicit the kind assistance of the secretariat of the Hong Kong Vocational Training Council and via its kind introduction, we were able to interview the entrepreneur owner-manager of the

following companies:

1) Essor Electronics (China), and its associates, including Essor Electronics Limited; and

2) Chows International Holdings Ltd., and its associates, Chows Electronics Ltd. and S.C. Chow and Associates Ltd.

The entrepreneur of both firms were operating their respective businesses across the border between Hong Kong and the Mainland where production was based. Such a pattern has become almost commonplace in Hong Kong's manufacturing sector. The Hong Kong establishment becomes, almost invariably, consolidated into a nucleus nerve-centre directing and servicing production processes carried out across the border in the Mainland where wages were much lower. There appears to be two alternative arrangements as to how the Hong Kong headquarters and its key activities can be organised and structured. Either, the head office is scaled down to the basic "core" fixture like a trading and representative office acting as the clearing house or chief liaison point for sales, marketing, allocation of production activities to the subsidiary plants in the China hinterland. Alternatively, the Hong Kong base is half administrative and trading in its role, as well as partly industrial, keeping active such back-up activities and shop floor processes as procurement and storage of key component parts, research and product development, quality testing and control, as well as the assembly and packaging of the finished products (normally by highly automated operations) for delivery and shipment to overseas buyers.

Our first respondent firm, specialising in the production and supply of electronic components and parts in automobiles, was organised along the basis of the above blueprint. Its main production plant is in Shenzhen. This Shenzhen operation, occupying a floor space of more than 20,000 square feet and hiring about 200 Mainland workers, handles virtually all industrial processing activities of this enterprise, including as well the core functions of product design and industrial engineering under its roof. The Hong Kong workplace has been scaled down to a skeleton structure of just five persons, including the two directors (who are actually the two partners owning this business) and three office staff members, who are female. The latter's job demarcation is not highly structured but is rather fluid at the boundary, shifting and overlapping due to consistent adjustment needs because of the cyclical fluctuations in the nature of the headoffice's load. This is probably not unusual among the small and petty establishments in Hong Kong. However, broadly hired each as clerical/secretarial worker having an administrative chore at the margin, these three female employees were assigned to the following lines of responsibility by the logic of divisions of labour which this firm pursued:

1) accounting;

2) materials sourcing and purchase; and

3) market and sales liaison with buyers, including simple activities of quality control, customer service and co-ordination.

The size of Hong Kong manufacturing firms have decreased markedly in recent years due to the relocation their production activities to the mainland. This development has two interesting implications for the promotion of equal pay in the workplace. First, a dualism of practices and arrangements in pay and hiring, differentiated between the Mainland workforce and its Hong Kong counterparts, has always existed and is liable to be sustained. The second concern is that Hong Kong's existing anti-discrimination legislation has exempted firms with less than five employees. This implies that a large number of Hong Kong manufacturing firms is exempted from the legislation.

In this first case study, the three staff members hired were exclusively women. For this reason, the proprietor manager was probed as to whether he had any preference for female employees over male ones. Endorsing in spirit the principle of equal pay, he responded by emphasising the importance of allowing for pay differentials being awarded commensurate with performance. He has a gender-relevant preference for hiring women employees for office work of a nature which was basically house-keeping, such as book-keeping and simple accounting duties, serving on customers' inquiries and information requests, and following up on instructions which he and his partner had prescribed. Such a "stereotyped" view about the general competence of female staff, especially among those who are married, in looking after administrative details which require care, attention, patience and tolerance, is perhaps widely shared and harboured by Chinese employers as a "conventional wisdom". Conversely, contrary to such a strong respect for the women's working abilities in these relatively routinised chores at the clerical and lower administrative levels, there was a mild scepticism articulated by this owner-manager about women's capacity and critical faculty for decision making at strategic levels. As conceded by our respondent, it was likely for such a view about women at work to have crystallised and been shaped by the customary role of women in the conjugal division of labour between the husband and wife within the Chinese family. However, the connotation of it can be construed as implying a degree of latent discrimination for and against women at workplace.

Overall, the impression which we were able to construct from our interview with the entrepreneur heading this car accessories manufacturing company was a highly favourable rating of his present three female staff members staffing his Hong Kong head office, alongside a congenial relationship of high mutual trust and affective paternalism which appeared to constitute the "nexus" of the bond between the employer and the employed. Their work commitment was high and they were able to co-operate closely with each other as a solidaristic team, betraying an altruistic spirit of *esprit de corps*. They were all loyal and long serving, having each a length of service of more than ten years. Partly because of the strong rapport and understanding achieved, there was a tacit mutuality between the managed and the manager.

A fair deal at work was perceived by this entrepreneur-manager, when asked about the pay conditions which he awarded to this Hong Kong office staff. He thought he was paying these women white-collar office workers better than the market rate. They were able to earn on average a monthly take-home pay, including a fair amount of overtime pay, at about HK$15,000 or more. In addition, at the end of the year, they were not only entitled to the thirteen month pay but also granted a

business-cum-performance bonus normally at about two or three months' pay equivalent. The work hours were nearly in conformity with the norm in Hong Kong office workplace: the daily 9:00 a.m. to 5:00 p.m. schedule and a five-and-half days working week. This entrepreneur, however, did express a concern with hiring women workers due to the burdens of providing for maternity leave for small employers in Hong Kong.

Our entrepreneur respondent expressed a preference for a voluntaristic approach to giving the women in the workplace appropriate leverage in safeguarding their well-being and interests, preferably by private agreements between the employer and the employee, or alternatively, at concessionary arrangements and facilities afforded by the employer within the limits of the latter's abilities and resources. Of course, such an argument is hardly a new one. However, it does epitomise an ethos, hitherto purported to be a Hong Kong spirit of entrepreneurship and its success, of a flexible and hybrid mix of institutional-cum-legislative permissiveness and normative prescriptions, owed to Chinese paternalistic assumptions rooted in Confucianism plus western-style instrumental pragmatism, in accommodating with the exigencies of competition in the marketplace.

In the context of our second cluster of case studies, the imagery represented to us was clearly a managerial self-perception that the Hong Kong employer was always reasonable, generous and benevolent. Such a perspective claimed that when the employees were married women laden with their familial roles and obligations (often claiming equal if not higher priorities in the individual than her workplace duties), the Chinese proprietor was always benevolent to grant these women workers with facilities and concessions like time-off release on important days of Chinese and Western festivals, as well as to enable them to attend to their children if the latter were sick. However, these gestures of benevolent propriety, available almost without discrimination to every female employee with such a need, were likely to be rescinded by the reluctant employers if such voluntary practices were to be converted into legally binding obligations in the workplace - or additional legal norms burdensome upon the employer and yet of marginal (if not irrelevant) interest to the "beneficiaries" presumed, like a laborious procedure to satisfy the legal court or a public agency that equal pay policy was pursued, were introduced. The paradox was that any piece of well-intentioned labour legislation added to the statute book was now liable to push the small and petty Hong Kong employers into such an alienated position, given the vicissitudes of high cost and competitive pressure in Hong Kong.

There was distinctive prospect that they would retreat, if imperiled by such inhospitalities to business, by withdrawing their investment away from the territory or receding to a highly legalistic and bureaucratic attitude at the workplace in dealing with their employees - nothing less or more than what the contract and the law would have prescribed. This would affect Hong Kong small business with a pervasive impersonality between the employer and the employed.

Such an alternative view, as sketched in the above brief is basically the premise arguing for a voluntaristic, rather than a legalistic, approach towards a complex

subject-area like pay and norms of equal pay at the workplace. Anyway, such a perspective seems to have prevailed among employers in the sector of the small and medium-sized businesses. The argument of the above view was not only articulated by the employer in the first company of our second cluster of case studies, but was also reiterated in an almost identical language by the proprietor whom we interviewed in the second enterprise.

In brief, a number of problems with advancing the "equal pay" principle, were identifiable during our penetrative interviews with these two owner entrepreneurs. First, it was pointed out that Hong Kong has been relatively free from any blatant and pathological ills of ethnic or gender discriminations. Any publicly sanctioned movement to centralise the issue, including the enactment of any future anti-discriminatory legislation, would unwittingly impede Hong Kong as an open, free and permissive society by encouraging people to become indulged in narrow sectarian comparisons and parochial contests. Second, such laws would increase costs and dampen business initiatives and incentives and levy inflexibilities upon the workplace. Third, employers have to be equipped with legally defensible instruments like job evaluation and performance appraisal apparatus which would imply the bureaucratization of pay and personnel procedures.

At present, according to what has been represented to us as the typical experiences of these manufacturing works in the small and medium-sized industry, equal pay levels were being applied in general for all points of entry into comparable employment or jobs inside the company. However, any post-entry adjustments of pay have been pegged, naturally, with performance, contribution and merits being assessed and perceived subjectively by the owner-manager himself, as weighted against seniority, at the responsibility level which could have been differentiated among individuals in spite of nominal similarity in job titles held. To rationalise such a complex system of interpersonal pay differentials and to make it readily defensible and justifiable by legalistic criteria which a new "equal pay" law was likely to call for, would be extravagantly expensive and costly for a firm of limited scale. Moreover, it was feared that there would be a drift towards the breeding and accumulation of office politics within the organisation when employees were induced by legal norms and administrative devices to start making comparisons, emulative bidding and haggling.

An "equal pay" legislation was hence seen by the bulk of these small and medium-sized employers with cynicism, with little but nominal pay-off to any beneficiaries apart from helping "package" Hong Kong's regulatory institutions to make the workplace system look more fashionable and analogous to their western counterparts. However, any legalistic intervention in this direction was liable to make these Hong Kong employers of petty capital more susceptible to the perils and burdensome costs of court litigation processes, as well as to compromises against the flexible responsiveness of Hong Kong businesses. These developments were perceived as alien and inhospitable to business of small capital, and hence detrimental to the latter's propensity to invest in Hong Kong. A further argument pointed to the lukewarm business approval of these institutional advances as they were hardly in stride with the worldwide trend of de-regulating the workplace in order to help weakened bureaucratic businesses and corporations in those recession-ridden western industrial economies to

recover their competitiveness in the "marketplace".

In the second case study of our cluster two series, the firm we investigated was a medium-sized trading conglomerate operating a network of supply outlets and representative offices inside Mainland China. It had also developed backward linkages to production works based in China - currently managing a wholly owned subsidiary as well as a joint-venture plant in collaboration with a Mainland partner. Similar to the company in our first case study in this series, the Hong Kong office has been restructured from an industrial plant now into a trading house, administrative and co-ordinating centre for the group business. In this capacity, this head office also carried an annexed warehouse since it handled directly a significant load of distribution: in sourcing the raw materials and producer goods from abroad for dispatch to the industrial works in China as well as delivery of the finished products for market outlets both abroad as well as inside China.

The workforce deployed at the Hong Kong office for the above activities and functions was, however, larger than that in the first case. Its current size was 50 persons, half being female and another half being male. The owner-manager observed that although the company subscribed to the philosophy of non-discrimination between the two sexes at the workplace, there was a natural and an invisible pattern of clustering in job choice across the "gender" divide. Such clustering and preferences of the job applicants have resulted, for example, that:

1) all of its ten warehouse/store keeping staff members being exclusively male; and

2) all of its secretarial staff being women.

This Hong Kong office, although operating a quasi personnel administration function to cater to a workforce which was medium-sized by Hong Kong standard, was exposed to more or less the same syndrome of workplace constraints and handicaps as the preceding firm. When its proprietor (the Group's chairman) was asked to comment on his prospects of accepting and coping with the provisions of a future 'equal pay" legislation, this proprietor was negative and cynical about any proposition of legislating, in Hong Kong's context to regulate on equal value. Believing that the two sexes had innate propensities to cluster themselves into specific streams of jobs and callings because of their organic and constitutional traits (which could, in turn, give rise to systematic patterning of temperament and psychological profile between the two sexes conducive to gender-specific differentials in aptitude and abilities), he was not optimistic at all about how much the present sex discrimination law could achieve in bringing about parity and equalisation in actual access and aspirations for job and pay opportunities in the workplace - apart from peripheral leverages achieved at the margins of the employment markets: like women now hired as bus drivers and as fire station officers, or men now working as flight attendants in airlines but clearly in the minority. Discernible enclaves of single-sex job categories and callings in the labour market, still persisting in western industrial societies even though the embargo by custom and practice has been lifted by law for a long period already, were hence seen as socially natural and perhaps inevitable. The opinions expressed by our respondent in this second

case study, probably stereotyped, attested to a non-pretentious disclosure of minds among many who were still puzzled and amazed by the rigour with which the human rights movement was pushing for the "nominal" equalisation and parity to be achieved in appearance between the sexes, yet with perverse results. As he indicated:

> "Surely, it is disdainful and unacceptable now, both socially and at the workplace, to see the women being disadvantaged and deprived of access to equal treatment. However, there is a natural divide or division of labour about which you cannot pretend hypocritically that sex is not relevant. For example, women would normally stay away from work which are high-risk and associated with dangerous tasks. As an employer, you have a duty to be considerate and would refrain from exposing your female employees to excessive perils against their safety and physical security. So, you will not deploy them for these jobs.
>
> In other instances, it is entirely the employees' own choosing. Hence, a man will be extremely unlikely to apply for a secretary's job because it is too feminine. By the same token, a woman seldom will like to take up a warehouse keeper's role which is often seen as masculine. There are, of course, exceptions but you cannot deny the relevance of such a "divide" in the mainstream."

Although women were increasingly versatile and educated, raising thereby their employability and labour market value across the spectrum of diverse job and employment openings, it was contended by this employer that the law should not go too far to intervene in the workplace by imposing nominal arrangements to equalise pay across the "gender" divide - otherwise the industrial harms and workplace rigidities thus emanating would work to pervert fairness and equitable rewards to such an extent that both work and business performance would be severely adversely affected as a result. Anyway, the view was unequivocal that since women in Hong Kong have been free from any noticeable disabilities in access to equal treatment in places of work, the law on protecting against discrimination should be consolidated rather than being advanced any further to cover equal value, the enforcement of which has always been problematic worldwide, even in the industrially advanced West.

The choice articulated clearly by this entrepreneur in our second case study of the small industry was in vindication of a non-legalistic and gradual approach to introducing a normative practice of "equal pay" to the Hong Kong workplace. To such an extent, his option was clearly for a patient process of advertising the notions and promoting its voluntary practice in industry, by raising the consciousness of both sides through a cautiously structured programme of educational activities launched by the Equal Opportunities Commission. Such an approach, he contended, would have a higher chance of gaining industry's approval and support in the current political-economic context.

8.4. Cluster Three: What did the Trade Unions Think?

We were able to visit four of the principal trade union centres in the territory,

including 1) the Hong Kong Confederation of Trade Unions (CTU), 2) the Hong Kong and Kowloon Trades Union Council (TUC); 3) the Hong Kong and Kowloon Federation of Labour Unions (FLU); and 4) the Hong Kong Federation of Trade Unions (FTU). While the CTU supports the mandatory promotion of pay equity, the other three union centres are against the introduction of equal value by legislation.

8.4.1. The Hong Kong Confederation of Trade Unions (CTU)

We interviewed the General Secretary of the CTU, Mr. Lee Cheuk Yan. His views are reported below.

Mr. Lee was concerned about occupational segregation, especially among low-wage workers. While both male and female workers suffered as the manufacturing sector contracted, males were able to find work in relatively well-paid male jobs such as drivers and security guards. In contrast, many females found work in menial jobs in fast food outlets or retail trade, doing cleaning and washing for less than HK$5,000 a month.

Mr. Lee attributed the job segregation to socialization. Females were socialized to accept jobs with lower paid, while males would rather be unemployed than accept menial jobs. Though employers might not intentionally discriminate, their concern for profits did lead to discrimination. For instance, many employers did not like to employ females for fear that pregnancies would add to their costs. Employers were also concerned that, as a result of family duties, females might devote less work effort, and they might not be able to work over time. Employers thus reserve the better paid jobs for males and give the menial jobs to females. Mr. Lee added that the CTU has received many complaints from females dismissed due to pregnancies. There were also complaints that, in job interviews, employers were more concerned about the family responsibilities of females than their abilities for the jobs.

The CTU supports the introduction of equal value laws. Mr. Lee admitted that few people in Hong Kong understood the concept of “equal pay for equal value”, and there was little grass-root demand for equal value because the concept was alien. A long process of education might be needed to familiarize the community to the concept before the law would become effective. Mr. Lee stressed that without the backing of a law, education alone could do little.

While job evaluations might be expensive for small firms, Mr. Lee opined that large firms could take the lead and norms for different jobs could be set for all small firms in the same industry. A longer period of transition could be allowed to the smaller firms and the smallest firms could be exempted from the law.

8.4.2. Hong Kong and Kowloon Trades Union Council (TUC)

We interviewed the Secretary-General of the TUC, Mr. Leung Tze-Leung. He

did not advocate any form of legalistic intervention to achieve the "formalised" application of an abstract notion of "equal pay for equal worth". The equalisation of pay by compulsion was likely to invite not only resistance from the employer and their associations but also apprehensions from the workforce. Though the notion of equal value was approved in principle, the union had qualms about the practicability of pursuing equal value by law. His arguments are listed below.

If "equal value" were to seek "equality" in workplaces, it was clear that its implications could have contradicted current business needs to motivate work performance and the workers' expectations for incentive awards. On the other hand, if equal value were to imply the primacy of justifiable differentials, there was no consensus worldwide on a satisfactory and acceptable system of measurement (and judgement) criteria to prescribe a "fair deal" at work, notwithstanding contingent arrangements such as collective bargaining, minimum wage, incomes and pay policies, performance appraisal, job evaluation and now equal pay legislation and ancillary rules.

Equal value legislation has serious problems with technical and financial viability in workplaces which were preponderantly small and medium-sized in scale, as in Hong Kong. Hong Kong's small businesses were distinctive for their flexibility and adaptability, having a quality of "marketplace" responsiveness and non-legalistic informalities which constituted their competitive niche. At the crux of this resilient capability was the blending together of two attributes: i) Confucian-inspired paternalism which de-emphasised contractual specificity and, instead, inculcated personalised trust; and ii) a market-driven capitalist business anxious to stimulate work performance through incentives and rewards. However, both attributes were, by inner logic, contrary to any precise and rigorous measurement (including the popularised approach of numerical assessment) in vindication of equitable pay principles. Any obsession with equitable pay principles would impede such flexibilities.

TUC approved in general equal value as a key anchoring notion. However, the efficacy of job evaluation (JE), the classic prescription to define an equitable pay structure, was rapidly withering away because of i) the weakening or even fading away of the "job" notion, giving way to and new concepts like "multi-skill" versatility and changeable task assignments; ii) the trendy and increasing importance attached to performance appraisal (PA), and iii) the problems associated with the cumbersome and costly procedures of JE activity which could result in conflicts of sectional interests.

Hong Kong workers are highly mobile and they have a high propensity for job hopping. Hong Kong labour market has experienced formidable difficulties in consolidating a well developed "internal labour market" at the workplace level. As a result, a culture of job evaluation practices has been conspicuously feeble. Instead, a strong belief has been consistently upheld by employers that it was imperative for them to pay competitive wages. Any proposals to introduce and implement an equal pay law in Hong Kong would probably need to address the paucity of an ingrained culture and consciousness about internal pay comparabilities among both the employers and the employed.

Complicating further the issue was the division of labour within the

manufacturing sector which was complex and organic. This trade union centre, which has accumulated a background of almost forty years of experience in dealing with industrial conditions in manufacturing since its inception in 1949, noted that the proliferation of industrial jobs, partly analogous to each other in broad families (such as belonging to the generic class of operatives) but actually diverging in detailed aspects like the constituting tasks and operations which demand much varying skill intensities, has compounded the complexity of precise assessment of relative job value. The growing tertiary sector also placed obstacles for equal value because service businesses were shifting towards performance pay.

Given all these practical constraints, TUC was not keen about pursuing now or in the near future any proposed idea of legislating "equal value" principle in Hong Kong. Mr. Leung was broadly in agreement with the suggestion that the territory was still institutionally immature for such a pursuit. The Equal Opportunities Commission should promote equal value in a non-legalistic, non-coercive and gradualistic manner such as publicity-cum-education work to inculcate consciousness about the desirability of equal value, and a patient process to train both employees, employers and their human resource personnel in the knowledge and techniques about instruments like job evaluation and performance appraisal activities.

8.4.3. Hong Kong and Kowloon Federation of Labour Unions (FLU)

The following brief outlines the views on equal value of Mr. Poon Siu-Ping, Secretary of the FLU.

The views of the FLU are almost analogous to the TUC. Although approving broadly a desirability to adopt such a principle in the area of employment and pay, the FLU did not perceive any urgency in accepting the "equal value" norm and practice. Any legislation to mandate equal pay practice was considered as premature at the present time, or in the near future. A more acceptable and prudent alternative was a gradualistic approach concentrating upon promotional and educational work organised by the Equal Opportunities Commission. Otherwise, an insensitive zeal by the public authority to mandate a complicated but mechanistic structure of equal value would provoke apprehensions and even resistance from both the employers and the employed. The cumbersome western-style scheme of equal value was perceived as alien to the Hong Kong culture of a permissive and individualized labour market. Mandating equal value might accentuate workplace conflict, "measured" comparison and bidding and dispute. Industrial unrest could escalate.

The FLU was actually ambivalent about the purported advantages attributed to the practice of job evaluation, citing as an illustration the pay dispute at the former Hong Kong Telephone Co. (which was the predecessor, in part, to the present Hong Kong Telecom) in the early 1990s. The company's industrial strife arose from its clerical staff's protests against the "downgrading" recommendations that emanated from a benchmarking job evaluation exercise conducted by the corporate management in proceedings lacking apparently adequate consultation with the staff affected.

The FLU pointed out that almost 98 percent of establishments in Hong Kong were small in size and it would levy a heavy burden upon the average small enterprises to adopt and follow a practice of measuring and weighing with rigour job's worth and people's worth inside the firm. These workplaces lacked knowledge and expertise in administering and organising specialised assessment procedures like JE and PA.

The FLU opposed the importation of "alien" professional personnel in specialist areas like JE and PA because they would not be able to come to grips with the local culture. It would be desirable to groom instead a local pool of trained personnel by Hong Kong's own educational institutions. It might be desirable for the government and employers / trade / business associations to assist small employers with the creation of a web of central resource centres, competent in PA and JE techniques and conversant about local labour market practices and workplace culture, offering inexpensive or free consultancy and advisory services as a form of public or subvented activity.

Both the FLU and the TUC supported, in principle, the need to remove prejudicial discriminations against the disadvantaged, and to protect underprivileged and peripheral workers, especially part-time workers who comprised a significant segment of housewives and the semi-retired. To protect part-time workers, the statutory definition of a "continuous contract" might be relaxed to cover more part-timers or alternatively, a system of pro-rated calculation of benefits might be introduced.

What the FLU would like to see were the stepped promotion and pursuance of the equal value principle and norms in a gradualistic and non-coercive fashion, analogous to the tripartite and voluntary accomplishment of first, a "gentleman" charter between the government, the employers and labour on industrial safety, and second, the building and refinement of a legally enforceable statutory infrastructure to prescribe the respective duties of the parties on occupational and workplace safety. Such a model, backed up by extensive educational and promotional work, would be worth adopting by the Equal Opportunities Commission, the Labour Department and associated public agencies in structuring the future agenda to advance the cause of equal pay, equitable payment and non-discrimination at the workplace.

8.4.4. The Hong Kong Federation of Trade Unions (FTU)

We interviewed a senior official of the FTU, Mr. Leung Fu-Wah, who is also a Council member of the union federation as well as its representative sitting on the Labour Advisory Board. His views are presented below.

The Federation clearly endorsed the notion and spirit of the "equity" principle as a noble and worthwhile cause to pursue in Hong Kong. However, like the TUC and the FLU, the Federation opposed the implementation of this principle by adopting western institutions which were perceived as alien. Western equal value systems were

incompatible with i) the economic realities of Hong Kong, which was pervaded by the "market" imperative; and ii) the Oreintal cultural values of Hong Kong.

Hong Kong as a Market Sovereign Economy

The FTU contended that the standard western practices of equal value were laden by a heavy dosage of "institutionalism". This was because i) the elaborate and cumbersome web of rules formulated were prone to litigation as a popularised route of redress, and ii) the use of job evaluation as a human resource device to satisfy the "equal worth" test (generally acceptable in legal proceedings) has also led to a proliferation of detailed and meticulous workplace norms and procedures for the ritualistic purpose of enshrining equity.

Both of these two features were still rudimentary in Hong Kong and the price of introducing equal value was obvious. Institutional and legalistic rigidities were almost certain to emanate and accentuate due to obsession with job evaluation formalities and creeping propensities for litigations over disputes. Hong Kong would have to relinquish its celebrated property of market flexibilities and resilience. The case for mandating equal value looked increasingly dubious because i) the demand for such laws at the "grass-roots" levels was weak; and ii) Western industrial nations were slowly but steadily de-regulating these highly legalistic norms in order to restore a freer scope for business adjustments; and iii) Hong Kong, now beset by an ailing economy after the Asian currency turmoil, could ill afford to accommodate a socially and economically expensive legislation which would curtail its structural versatility and emasculate its competitive abilities.

To the Federation, equal pay law as an item should be trivialised on the Hong Kong labour agenda. FTU was not convinced that discriminatory pay on the gender base was consciously practised by the employers on a widespread scale in the labour market. Hong Kong employers were highly pragmatic and instrumental, rewarding those who were most able and best performing, quite independent and regardless of gender.

However, women were disadvantaged for a variety of reasons. The first was that women were often less educated and less skilled. The second was that women were burdened by family duties. Given these family derived hurdles, women workers were preponderant in number in the part-time and casual labour force.

An appropriate package to help answer the above problems would not be equal value measures but the deployment of public resources to help women to strengthen their skill capabilities. Allied measures included: i) better safeguards for the job security, interests, and benefits the part-time workers, and ii) provision of facilities like nursery and child-care centres for married women to make it easier for them to work.

The FTU believed that the efficacy of market adjustments as a natural kind of balancing lever might better help even out male-female pay disparities. Also, it was sceptical of the efficacy of job evaluation in denominating compensation due to the increasing popularity of performance appraisal.

Hong Kong as an Oriental Society

Equal value legislation would be impractical and undesirable, not only for economic reasons but also because of cultural contradictions. Though both Western and Eastern cultures would sanctify human norms of equity as basic and key to rewarding performance, it was more or less specific to the west that equity at the workplace needed to be measured, individually distinctive and comparable in a contractual manner. On the contrary, the Chinese approach towards equitable treatment at work tended to be far more subtle and tacit, constructed from long-term reciprocity and balance between "sacrifice" and "pay-off" which presupposed high trust between the employer and employed, manager and managed, appraiser and appraised: a hidden "psychological contract" which was, by nature, beyond express negotiation and haggling and contractual measurement or standardisation.

Inasmuch as the Chinese work ethos and ways of managing people at work inculcated tolerance of temporary disadvantages, mutual forbearance and non-confrontational accommodation of conflicting interests, the "Chineseness" of Hong Kong business would not be congenial to the practices of job evaluation or equal value litigation claims. Such a view of the Federation was hence consistent with the low incidence of job evaluation arrangements among workplaces in Hong Kong. Moreover, it was basically an economy of small industry and small firms which were intrinsically constrained by their size and resources to institute job evaluation with rigour. It was estimated by the Federation that more than 93 percent of the private sector establishments were small enterprises hiring less than 19 persons each. Exempting these smaller firms from equal value legislation would constitute double standards. The Federation disdainfully opposed importing into Hong Kong specialist personnel in Job evaluation. Such expertise could not conceivably be deemed as technocratic per se. The logic, raison detre, and the holistic body of working assumptions in JE were inevitably relativistic and specific to western culture and work values. The transplant of these alien practices to Hong Kong was prone to breed locally strong apprehension and resentment among both the managers and managed for contradicting Chinese work and managerial values, as well as Hong Kong's home-made custom and practices which have proved to be working and workable.

Due to the immense cultural gap between Oriental and Western societies, the Federation objected to certain actions of the Equal Opportunities Commission in its crusade against discrimination:

i) The Commission's ban on job advertisements specifying age and sex. These restrictions were pretentious and trivial acts which would complicate both job applications by the workers as well as recruitment by the employers. The compulsory "blinding" of age and sex achieved

little to help guarantee a fairer selection but only serve to render job information less authentic and more deceptive; and

ii) The likely prospect that a highly legalistic interpretation of the Sex Discrimination and Disability Discrimination Ordinances would stifle business incentives, especially in dampening heavily propensities of the smaller businesses to continue to operate in Hong Kong.

In summary, FTU cast doubts on any moves to initiate legislative actions now to create a statutory framework on "equal value". At least, the economy had to become stronger and more conducive before such a course of action was to be pursued. In the meantime, a congenial workplace culture may need to be cultivated concurrently with patience so as to provide the appropriate precondition for the making of such a piece of generic workplace law.

8.5. Summary

In spite of the selective sample, the investigators are all inclined to believe the data collected so far from our case studies are sufficiently indicative of a clear profile of preference elected by both sides of industry in Hong Kong. An almost consensual opinion articulated across the spectrum of organisations investigated, including two corporate bureaucracies, two small/medium-sized enterprises and four trade union centres, was a clear endorsement, in spirit and principle, of the notion of "equal pay" norm in industry.

However, only the CTU was in favour of legislating for equal value. The other union centres and all the interviewed employers have serious reservations about making equal value mandatory for fear of disincentive effects and prospective negative implications of a bureaucratic and legalistic burden. Instead, the option clearly favoured was a voluntary and gradualistic approach to the workplace promotion and adoption of equal pay policies and practices, backed by the resourceful support and advice which the Equal Opportunities Commission would furnish to the working community as the "standard-bearing" public agency which steers the advancement of such a noble cause in Hong Kong.

9. Evaluation of Comparable Worth

Anti-discrimination policies are not always economically inefficient. Some policies such as equal employment opportunity legislation which mandates hiring on the basis of ability rather than sex or race may be conducive to economic efficiency by promoting a level playing field. However, other anti-discrimination policies such as comparable worth have led to substantial efficiency losses. To evaluate anti-discrimination policies, we need some understanding of the causes of discrimination.

9.1. Causes of Discrimination

Many economists believe discrimination to be economically irrational, and they have argued that discriminatory firms cannot survive in the long run in competitive markets. Firms that discriminate against women in favour of equally-qualified men (e.g., by paying the men higher salaries or giving them better opportunities of promotion) will necessarily face higher costs, and earn lower profits, than firms that do not discriminate.

However, there are other possibilities. Goldberg (1982) notes that discrimination based on utility gains for employers resulting from associating with male workers can survive even in long-run competitive equilibrium: the pecuniary costs of discriminating can be offset by nonpecuniary gains, in much the same way that a low pecuniary wage can be compensated by large nonpecuniary rewards for work.[1]

It is also possible for discrimination to be economically rational for individual firms but not rational for society. If information about worker productivities is imperfect, then it may be rational for employers to pay workers on the basis of group membership (e.g., on the basis of gender, race, etc.): loosely speaking, under such circumstances, firms engage in "statistical discrimination," using easily observable characteristics (including gender and race) as proxies for unobservable productivity. Statistical discrimination can be rational for individual firms because the costs of administering tests to ascertain the true productivity of workers may be quite high. Specifically, such costs may exceed the benefits to the firm of finding out the true productivity of workers.

However, as human capital investment decisions are affected by (differentials in) wages, statistical discrimination discourages human capital investment of women while encourages that of men. Since investment in human capital is usually subject to increasing marginal cost, the decline in investments of women exceeds the increase in

[1] There are three different sources of discrimination based on personal prejudice: employers, employees and customers. Since the latter two take effect through employers, we can simply refer to all three of them as employer discrimination.

investments of men that results from the wage differential favouring men (Lundberg and Startz, 1983). In this case, statistical discrimination may be socially inefficient and equal employment opportunity policy (which requires equal treatment in promotions, hiring and pay) can promote economic efficiency.

In the above case, statistical discrimination generates an external cost by discouraging women to invest their human capitals. Equal employment opportunity policy on the part of a single employer has no impact on women's decision to invest. However, such policy, if pursued by all employers, would encourage women to invest. Individual firms thus have no incentive to implement equal employment opportunity policy on their own, even though the policy benefit all firms if everyone implements the policy. Government intervention in the form of equal employment opportunity policy may thus promote economic efficiency.

We do not want to commit ourselves to a specific model of discrimination. We just want to point out the following:

a. Discrimination can survive even in perfect competition.

b. Discrimination may be economically rational for individual firms even if it is not economically rational for society.

c. An equal employment opportunity policy can promote economic efficiency.

9.2. Case of Comparable Worth

Though an equal employment opportunity policy may be economically efficient, comparable worth is **almost always economically inefficient**. In fact, whether comparable worth is equitable is also highly dubious.

In Section 4, we have shown that the theoretical basis of equal value is fundamentally flawed. If employee tastes are heterogeneous (which is the usual situation), then even an ideal job evaluation will not be able to uncover the right compensating wage differentials. Needless to say, our discussion on job evaluations has shown that such exercises are much less than ideal. Pay equity pay adjustments will thus create all sorts of inefficiencies in the economy.

Comparable worth would raise the pay of female jobs and also reduce the employment in such jobs. In effect, comparable worth is a tax on employment of women (or more precisely, of persons in female jobs), where the revenues raised by the tax are turned over to the persons who are lucky enough to keep their jobs after the tax takes effect. Those who keep their jobs are gainers because they enjoy higher wages; but those who become unemployed as a result of pay equity are, of course, losers. Comparable worth is thus dubious on equity grounds.

It should be stressed that low female wages is just a symptom. The cause of the

problem may be discriminatory socialization, employer discrimination, lack of training, or lack of child care facilities. Employer discrimination should be tackled by equal employment opportunity policies; discriminatory socialization should be changed through education; and lack of training and child or elderly care facilities should be made good by their provision.

By alleviating the symptom of low female wages, comparable worth often makes the solution of the problem more difficult. For instance, if the cause of low female wages is the lack of skills, comparable worth exacerbates the problem as women are discouraged from acquiring the right skills for the high-pay job. There is almost no case in which comparable worth is the right solution.[2]

9.3. Theories of Job Segregation

As mentioned in section 4, proponents of comparable worth see the crux of the problem as **job segregation**. How is it that the segregation of women into certain jobs leads to a wage gap? The crowding theory argues that by excluding women from "men's work" such as truck driving and the building trades and by shuffling women into a limited number of jobs, employers increase the supply of labor for these "women's" jobs and thus drive down the going wage (Bergmann, 1986). However, there has been a large increase in employment in many "women's jobs" in recent decades. This would tend to mitigate any crowding effect.

Regardless of the merits of the crowding theory, the right solution for crowding should be equal employment opportunity legislation rather than comparable worth. The prohibition of hiring and wage discrimination in male jobs would eventually lead to higher pay in female jobs as the artificially high supply of labor to these jobs was thereby decreased. Moreover, equal employment opportunity legislation would eventually end job segregation (on the assumption that such segregation is attributable to discrimination rather than natural propensities).

Comparable worth reinforces crowding because it raises the wage of "women's jobs" and attract more people to such jobs. Comparable worth will increase supply to the low-wage predominantly-female job and reduce supply to the high-wage predominantly-male job. Moreover, employers will reduce employment in female jobs due to the rise in wage, and unemployment in female jobs will be more severe.

[2] After much soul searching, we have been able to come up with a highly contrived and artificial case in which comparable worth is the right solution. Suppose there is a monopsonist (single employer without any competitor) hiring non-unionized workers. The monopsonist can pay an artificially low wage by virtue of its market power. Due to cultural stereotypes, there are two jobs in this firm: a female job and a male job. Suppose further that this employer prefers to associate with male workers. The female job is thus paid more unfairly than the male job. Lastly, assume that there is no substitutability between the two jobs (otherwise, after the wage increase required by comparable worth, the employer may substitute male jobs for female jobs). In this case, requiring the employer to increase the wage of female workers is the right solution. However, even in this case, we need to assume homogeneous taste on the part of workers and an ideal job evaluation to uncover the correct pay differentials.

Most comparable-worth proponents rely on another theory to explain how job segregation leads to the wage gap. This explanation is more loosely developed than the crowding theory and draws more on sociology than on economics. It is a cultural theory that emphasizes concepts such as socialization.

According to this theory, our society has a pervasive tendency to undervalue women and the work they typically perform. Women's traditional nurturing role in the family goes unpaid and under appreciated. Thus, when women take up the nurturing and helping jobs in the work force - e.g., nurse, teacher, child-care worker, secretary - the jobs are seen as natural to women and requiring less skill than comparable male-dominated jobs, for instance, police officer, electrician, administrator. Because women and women's work have been historically devalued, the jobs women hold are undervalued and underpaid. Worse yet, many women themselves begin to accept society's judgments. Through a long process of socialization they come to believe that they are meant to help and support, not to lead and exercise authority. The result is that "women are paid less because they are in women's jobs, and women's jobs are paid less because they are done by women" (Shepela and Viviano, 1984).

The right solution for discriminatory socialization should be education rather than comparable worth. If society systematically undervalues nuturing and helping jobs, requiring job evaluations does not solve the problem because such evaluations will continue to undervalue these jobs. As mentioned in section 3, there is evidence that, in job evaluations, female job incumbents are more likely to accept a lower rating than male incumbents. Moreover, as mentioned in section 4, there is no basis for thinking that even an ideal job evaluation can uncover the right wage differentials.

9.4. Righting Past Wrongs

Many comparable-worth proponents emphasize that equal value policies can right the past wrongs of discriminatory socialization. Treiman and Hartmann, (1981), argued that many women in today's labour market began working long ago, when the only opportunities open to most women were predominantly-female low-wage jobs. Since they have never been trained for higher-level positions, they cannot simply be shifted into better-paid predominantly-male jobs, as might occur pursuant to affirmative action; and at this relatively late stage in their working lives, such women would derive little if any benefit from training, as might occur pursuant to facilitating policies. Such female workers are beyond the reach of equal employment opportunity legislation. In contrast, comparable worth wage adjustments -- pay increases for the "undervalued" low-wage jobs that such women now perform -- promise virtually immediate improvement.

However, even in the above case, the rationale for comparable worth is still dubious. First, some women will lose their jobs as a result of the artificially high wage. Second, the rise in wages in such jobs will encourage more women (including young females) to enter these jobs. In other words, women will be discouraged from investing in the necessary skills to enter high-wage jobs.

The discriminatory socialization of women for low-wage jobs may be unjust, but that is attributable to history and culture. Making selective employers (employers of low-wage female jobs) and selective workers (the unlucky workers who lose their jobs due to the rise in wage required by comparable worth) pay for past mistakes of the whole community is highly dubious on equity grounds.

9.5. Economic Effects of Comparable Worth

Regardless of the conceptual rationale of comparable worth, many proponents would feel it is much more important to consider the practical consequences of comparable worth than it is to indulge in theoretical debates about the conceptual rationale for comparable worth: why worry about efficiency and equity if adopting comparable worth will lead to large benefits (wage increases) and only minor costs (employment reductions) for workers in predominantly-female jobs? Conversely, if the prospective benefits were small in relation to the costs, comparable worth would seem like a bad idea even if the conceptual rationale for comparable worth were beyond argument. It is thus important to consider the likely consequences -- in terms of wages, employment and economic performance -- of adopting comparable worth wage adjustments.

It is obvious that the adoption of comparable worth would lead to rise in female wages and decrease in female employment. However, there will also be effects on cost of production, on output, and also on male employment. To elucidate these effects, it is worthwhile to consider a simple model of the economic effects of adopting comparable worth wage increases. We will then discuss the limited available empirical evidence on the magnitudes of these effects.

9.6. Economic Effects of Comparable Worth Wage Increases: A Model

To assess the economic effects of adopting comparable worth wage increases (e.g., for an allegedly "undervalued" predominantly-female job), we use the model presented in Killingsworth (1987) of a simple prototype labour market with a high-wage predominantly-male job H and a low-wage predominantly-female job L, with wage rates W_H and W_L, respectively. Assume that comparable worth legislation requires an increase in W_L.

9.6.1. Effect on Employment in Low-Wage Job

Total employment in L will be reduced for two reasons: a substitution effect and a scale effect.

Substitution Effect

To the extent that H and L workers can be substituted, the fact that L workers are now more expensive means that firms will try to use less of them and more H workers. (Of course, if such substitution is difficult for technological or other reasons, the substitution effect may be quite small.)

Scale Effect

Also, the increase in W_L raises the marginal cost of production (MC), which in turn leads to a contraction in the optimal scale of output; in turn, this leads to a negative scale effect on employment of L workers.

9.6.2. Effect on Employment in High-Wage Job

The effect of the rise in W_L on employment in H is harder to evaluate. The increase in W_L will have both a substitution effect and a scale effect on employment in the high-wage job as well as in the low-wage job, but in the case of the high-wage job these two effects work in opposite directions.

Substitution Effect

In particular, once W_L rises, employers will increase employment in H as they substitute away from L workers, who are now more expensive to employ.

Scale Effect

However, the rise in W_L also leads to a rise in costs and a reduction in the optimal scale of output; and this, in turn, will have a negative scale effect on employment in H.

On balance, then, employment in H will rise only if it is relatively easy to substitute H workers in place of L workers (i.e., only if the positive substitution effect on H is so large that it exceeds the negative scale effect on H). Otherwise, demand for H will fall, on balance, along with demand for L.[3]

[3] Note that, at this level of generality, the remarks in the text about the high-wage job H could equally well be taken to refer to nonhuman inputs of production, e.g., capital. Thus, for example, an increase in W_L will certainly induce some substitution of capital in place of low-wage labour L; but since it will also raise MC, it will tend to have a negative scale effect on the use of capital. On balance, then, the effect of comparable worth wage adjustments on capital inputs is indeterminate a priori.

9.6.3. Effect on Wage and Price

A decline in demand for H, if it occurs, will of course tend to reduce W_H. On the other hand, since W_L has risen thanks to the comparable worth wage adjustment, some workers will be attracted towards L and away from H,[4] and this will tend to raise W_H. The net effect on W_H is therefore indeterminate a priori. Note, however, that these results do at least indicate that introduction of comparable worth will increase supply to the low-wage predominantly-female job and reduce supply to the high-wage predominantly-male job. (Note also that an outcome of this kind is not necessarily the ideal way to improve the economic status of women workers!)

Finally, since the increase in W_L raises the marginal cost of production, it will also reduce the optimal (profit-maximizing) scale of operations. This decline in output will lead to a rise in the price of output whose magnitude will depend on the elasticity of product demand.

9.6.4. Uncovered Firms

Some economists have suggested that, in addition to lowering employment in female-jobs, comparable worth policies could lower some women's wages, quite the opposite of the intent of the policy (Oi, 1986; Smith, 1988). This is a possible prediction from theory if the policy covers some firms but not others. Suppose, for example, that small firms were exempted or, as a practical matter, that the law was seldom enforced against them even though it applied. Such firms would become an uncovered sector absorbing the overflow labor discharged from the covered sector. With the existence of such an uncovered sector, workers discharged from the covered sector would not all become unemployed or leave the labor force, as would be more likely if all sectors were covered by the policies. Rather, some workers discharged from the covered sector would crowd into the uncovered sector, and the crowding would lower wages. To the extent that those ending up in the uncovered sector were disproportionately women, the sex gap in wages could increase. At the least, the amount that the sex gap in pay decreased as a direct result of the comparable worth policies would be reduced. Since comparable worth has not been adopted on a large scale anywhere but Australia, we do not yet have evidence of what the economy wide effects would be on women's earnings.

[4] Proponents of comparable worth sometimes suggest that increasing pay for predominantly-female jobs would attract more men to such jobs, resulting in less occupational segregation by sex. Unfortunately, this argument confuses supply and demand: comparable worth wage adjustments will almost certainly increase the number of persons interested in working in predominantly-female jobs, but it will also reduce employers' desire to employ persons in such jobs. (After all, a higher wage entails not only a better reward for work, and thus an increase in the quantity supplied, but also a higher cost of labour, and thus a reduction in the quantity demanded!) Whether predominantly-female jobs will become less or more segregated, on balance, is therefore quite unclear.

9.6.5. Summary of Effects

To sum up: an comparable worth-induced increase in the wage for the lower-paid job will reduce demand for workers, and thus actual employment, for that job; such a wage increase will also increase the marginal cost of production, leading to a decrease in the optimal scale of output. If it is relatively easy to substitute the work done by other (e.g., higher-paid) jobs and/or by capital in place of the lower-paid job, then employment in these other jobs and use of capital will increase. If not -- that is, if substitution is difficult and the decline in the optimal scale of output is relatively large -- then employment of other factors (capital, and other types of workers) will tend to decline. There will be an increase in costs and prices (and a concomitant decline in competitiveness and economic performance) and a decline in output; as noted previously, there is also the possibility of a decrease in the capital stock and thus in investment.

9.6.6. Case of Small Open Economy

The outcome would be somewhat different in a small open economy in which important prices are exogenously-given by world markets: here, the increase in costs cannot change prices, so there will be greater declines in output and employment, and therefore a greater possible decline in capital formation. As Hong Kong is a small open economy, even relatively small increase in wage for the lower-paid job will lead to relatively large declines in output and employment, and a greater possible decline in capital stock and investment.

9.7. Economic Effect of Comparable Worth: Empirical Evidence

Most empirical research on the likely effects of comparable worth wage adjustments has focused on wages and employment in predominantly-female jobs (either in absolute terms or relative to predominantly-male jobs).

9.7.1. Impacts on Wages

Gunderson and Riddell (1992) estimate that the pay equity policy as applied in a number of public sector jurisdictions in Canada and the United States shrinks the gender earnings gap from around 0.22 (female earnings being 22 percent less than that of males) to 0.16, a decrease of 17 percent.

This gap of around 0.22 of the public sector is only a little over half of the

earnings gap that prevails in the economy as a whole. Simulations of the potential economy-wide impact of comparable worth in the United States indicate that the policy would close at most 8 to 20 percent of the overall gap of 0.41 (Johnson and Solon, 1986) or 15 to 20 percent of the gap (Aldrich and Buchelle, 1986). This is because whereas the canonical comparable worth policy would require equal pay for work of equal value within individual firms only (and would not entail comparisons across firms), a nontrivial portion of the overall sex differential in earnings results from sorting of women into low-wage firms and industries, a phenomenon that is not addressed by comparable worth.

Other research on wage effects has examined how wages changed in some of the relatively small number of instances in which comparable worth has actually been adopted. From the standpoint of data availability, one of the best sites for this kind of analysis is the state of Minnesota, U.S., where state government workers received a series of four comparable worth pay adjustments, one during each of the years 1983 through 1986. Killingsworth (1990) estimated that the cumulative effect of the first three of these adjustments raised the pay of women workers relative to men workers by about 10 percent, and reduced the male-female pay gap by about 27 percent.[5]

In later work, Killingsworth (1991) analyzed the total wage effect of all four of the adjustments by both sex and type of job, where jobs were categorized as either "targeted" (i.e., ones whose incumbents received comparable worth wage adjustments) or not targeted. He found the cumulative impact of the four adjustments raised pay of women and men in targeted jobs by about 9.4% and 8.1%, respectively, and reduced pay of women and men in non-targeted jobs by about 6.0% and 9.4%, respectively. He also found that after the pay adjustments, Minnesota began indirectly to "claw back" some of the pay increases it had previously granted, by keeping subsequent wage increases below the figures that would have obtained in similar circumstances in prior years.

9.7.2. Impacts on Employment

Ehrenberg and Smith (1987) estimate that a comparable worth wage increase of 20 percent for females in the public sector would yield an employment reduction of only 2 to 3 percent based upon existing estimates of the elasticity of demand for public sector labor. These adverse employment effects are small because of the existing lack of substitutability between males and females in the public sector. However, this may not hold when substitutability rises in the long run.

Aldrich and Buchelle (1986) estimate that comparable worth wage increases of 10 to 15 percent in the private sector would lead to employment reductions of about 3 percent in the private sector. Kahn (1992) finds no adverse employment effects of comparable worth in the city of San Jose, California.

[5] More precisely, the male-female logarithmic pay gap fell from 0.226 to 0.164, a reduction of about 27.1 percent.

Gregory and Duncan (1981) also estimate the employment effect that resulted from the Australian pay awards emanating from their wage tribunals which set wages for the majority of the work force. Between 1972 and 1978 those awards led to an increase in the ratio of female to male wages from 0.774 to 0.933. This in turn led to a statistically significant but quantitatively small reduction in the growth of female employment relative to male employment. That is, female employment growth averaged to 3.0 percent per year as opposed to the 4.5 percent that would have occurred without the substantial wage increase. Most of the reduced growth occurred in the manufacturing and service sector, not in the public sector where employment growth was relatively insensitive to the wage increases.

In contrast, Killingsworth (1990) studied Australia's experience over a longer period using a more elaborate quarterly time-series model, and found that Australia's version of comparable worth had a short-run effect of almost 10 percent, but only a negligible long-run effect, on women's relative wage. As a result, the short-run effect on women's relative employment was substantial (about -5.2 percent), but the long-run effect was negligible.

Killingsworth (1990) also studied the effect of Minnesota's comparable worth wage adjustments on women's relative employment in Minnesota state government. Using a very simple employment demand model, he found that employment in predominantly-female jobs fell by about 3.5 percent relative to employment in predominantly-male jobs after the state's comparable worth wage adjustments took effect. The rather large magnitude of these estimates is to a considerable degree a consequence of the fact that the elasticities of employment with respect to wages were also estimated to be rather large (e.g., about -0.40, -1.30 and -0.65 for predominantly female, mixed and predominantly male jobs, respectively).

9.7.3. Other Effects

Comparable-worth critic June O' Neill (1987) has looked at some Washington state data and reported some other potentially worrisome results. The economic return for human capital investments such as experience and high school graduation had fallen since comparable-worth implementation. Moreover, occupations that were receiving comparable-worth increases were losing employment share in state government, and the higher the pay adjustments the greater the decline in share.

9.7.4. Limitation of Estimates

To sum up, there is not much empirical evidence, and very little agreement, on the effects of comparable worth on wages, the pay gap, or employment. Much more research is clearly needed before these questions can be resolved.

One important caveat should be kept in mind: virtually all of these studies have attempted to measure only the substitution effects of comparable worth wage

adjustments (substitution of male job for female job due to the rise in wage of the latter). There is also a scale effect, which occurs because an increase in wages leads to an increase in the cost of production, and thus to a decrease in the entire scale of operations -- which leads to a further reduction in employment.

A related set of empirical issues concerns whether the effects of comparable worth in the short run -- which, according to some researchers, may be substantial -- will survive into the long run; some evidence (e.g., for Australia and Minnesota) suggests that the long run effects may be smaller, perhaps very much smaller, than the short run effects.

9.8. Effect of Comparable Worth in Hong Kong

As there is very little agreement on the effects of comparable worth in countries that have adopted the practice for decades, we can only roughly gauge the effects of comparable worth in Hong Kong.

We suspect that comparable worth policies will have a relatively small impact on the gender wage gap in Hong Kong. First, relative to other advanced economies, Hong Kong's gender wage gap is very small. There is a lack of glaring inequality for comparable worth to work on. Second, the occupational segregation in Hong Kong favours females as clerks earn much more than operators and labourers. Third, Hong Kong is a small open economy, which means that even a relatively small increase in wages and costs will translate into large declines in output and employment. Fourth, given the increasing degree of integration between Hong Kong and the mainland, many Hong Kong firms may move to the mainland to escape the costs imposed by comparable worth. Fifth, small firms dominate the Hong Kong economy, and such firms can ill afford the costs of implementing job evaluations. Most firms in Hong Kong are small and they are also becoming smaller over time.

Data on firm size are available for four major sectors of the Hong Kong economy, namely manufacturing, trade (wholesale & retail trade and restaurants and hotels), finance (finance, insurance, real estate and business services)and transport (transport, storageand communication). These four sectors together account for 70% of the total employment in Hong Kong in 1995, the latest year for which data on firm size are available.

For this four sectors, Table 9.1 shows the 1995 distribution of the number of establishments by firm size while Table 9.2 shows the 1995 distribution of employment by firm size. For the four sectors combined, the smallest firms employing 1 to 19 persons account for 95.3% of the number of firms and 44.6% of total employment in 1995. Small and medium firms employing less than 200 persons accounted for 99.8% of all establishments and 77.1% of total employment in 1995. It is clear that small and medium firms account for nearly all firms in Hong Kong and also account for the bulk of employment in Hong Kong.

We judge that firms employing less than 200 persons will not be able to bear the cost of implementing job evaluations (see next section for details). Conducting a single job evaluation for a large group of firms is not workable because firms are highly heterogeneous. It is no accident that most countries that have adopted comparable worth have adopted a firm-specific rather than an economy-wide standard. Though Australia came close to adopting an economy-wide standard, the system has proven to be highly non-competitive and Australia has moved away from centralized wage fixing.

One alternative to finance job evaluations from public funds. This will be very expensive given the large number of small firms in Hong Kong. Moreover, the results will be unreliable as most small firms do not have clearly defined jobs. This implies that, even if we found comparable worth to be desirable in principle, we would have to exempt nearly all firms in Hong Kong and exempt 77% of the labour force from comparable worth.

Table 9.1 The 1995 Distribution of Number of Establishments by Firm Size in Major Industries

No. of Persons engaged	1-19		1-49		1-199		Total
Manu-facturing	87.8%	24232	95.7%	26412	99.2%	27378	27599
Trade	95.9%	185074	98.9%	190863	99.9%	192793	192986
Finance	95.9%	29171	98.4%	29931	99.7%	30327	30318
Transport	97.2%	41258	99.0%	42025	99.7%	42331	42442
Total	95.3%	279735	98.6%	289231	99.8%	292829	293445

Table 9.2 The 1995 Distribution of Employment (in thousand persons) by Firm Size in Major Industries

No. of Persons engaged	1-19		1-49		1-199		Total
Manu-facturing	28.9%	154.5	46.2%	247.0	70.4%	376.4	534.6
Trade	56.7%	467.7	72.1%	594.8	88.1%	726.7	824.9
Finance	40.2%	131.7	52.3%	171.4	71.8%	235.3	327.7
Transport	44.4%	151.7	53.5%	182.8	66.1%	225.9	341.7
Total	44.6%	905.6	58.9%	1196.0	77.1%	1564.3	2,028.9

Source: Census and Statistics Department, Hong Kong Annual Digest of Statistics, Hong Kong, 1997

10. Recommendations

We do not recommend the compulsory introduction of equal value in Hong Kong by legislation because the potential benefits are far less than the associated costs. A suasive approach is more fruitful. Our arguments are listed below. We start with the difficulties of equal value policies in general, and then come to the specific case of Hong Kong.

1. The theoretical basis of job evaluation is fundamentally flawed. If employees' tastes are heterogeneous (which is the usual situation), then ***even an ideal job evaluation will not be able to uncover the right compensating wage differentials*** (section 4). Pay equity pay adjustments will thus create all sorts of inefficiencies in the economy.

2. Even if we make the unrealistic assumption that employees' tastes are homogeneous and we have an ideal job evaluation that can uncover the right wage differentials, ***equal value is most often not a right remedy for discrimination*** (section 9.2). This is because equal value addresses the symptom instead of the cause of low female wages, which may be employer discrimination, discriminatory socialization, lack of training or lack of child or elderly care facilities etc. Employer discrimination should be tackled by equal employment opportunity policies (which prohibits discrimination in hiring and promotion but does not require equal value); discriminatory socialization should be changed through education; and lack of training and child or elderly care facilities should be made good by their provision. By alleviating the symptom of low female wages, comparable worth often makes the solution of the problem more difficult. For instance, if the cause of low female wage is lack of skills, equal value discourages females to invest in skills for the high-pay jobs by artificially inflating the wages of low-pay jobs. Moreover, the artifically high wage will give the wrong incentive for more people to enter the female jobs.

3. ***Equal value is dubious on equity grounds*** (section 9.2). By inflating the wages of female jobs, some women will lose their jobs. The unemployed women bear the cost of the wage increase for those who are lucky enough to remain employed.

4. ***Recent trends in pay system design are moving away from compensation based upon narrowly defined jobs to compensation based upon individual characteristics***. Equal value is inherently grounded in assumptions of stable jobs and stable organizational structures. This is no longer true of large organizations, and was never really true for small organizations (section 2.5). In Hong Kong, this reservation against equal value is shared by the majority of union centres interviewed (section 8.4). In the two leading corporations that we have

interviewed, performance appraisal has become more important than job evaluation in determining compensation (section 8.2). In the two small and medium-sized firms interviewed, clearly defined jobs do not exist (section 8.3). The implementation of equal value and job evaluation in such an environment is clearly very difficult, if not impossible.

5. Even if clearly defined jobs exist, ***job evaluation is inherently subjective***. Different experts evaluating the same job often give substantially different scores. Job evaluations often generate bitter debates and point grabbing behaviour among employees (section 3.2). In Hong Kong, these reservations against job evaluations are shared by the majority of trade union centres interviewed (section 8.4).

6. Given the flawed rationale and many practical problems with equal value, ***the advanced countries that have practised equal value are moving away from it***. In particular, the European Union and the UK have recently relaxed the stringency of coercive regulations and have increasingly relied on suasion (section 5.3).

7. ***Hong Kong has a significantly smaller gender wage gap than the advanced economies that have practised equal value for decades***. In Hong Kong, both the gender earnings gap and the unexplained component which may be due to discrimination have declined very rapidly (section 6). The need for equal value is not evident.

8. From our interviews (section 8), ***all firms and the majority of unions are clearly against the compulsory introduction of equal value***. The small and medium-sized firms interviewed and the majority of the union centres interviewed were apprehensive of the costs and red tape that equal value will bring. They also regarded equal value as alien to Chinese culture. The leading corporations which have introduced job evaluations and pride themselves as "equal opportunity employers" did not regard gender discrimination as an issue of high priority. They are also against the compulsory introduction of equal value. In an environment of global competition, they are afraid of the additional costs that equal value legislation would bring.

9. In the small open economy of Hong Kong, we expect that ***even relatively small equal-value wage increases will have relatively severe impacts on competitiveness***, leading to relatively large fall in employment (section 9.6.6). This view is shared by the majority of trade union centres and small and medium sized firms that we have interviewed (section 8).

10. Given the predominance of small firms in Hong Kong, ***few Hong Kong firms have clearly defined jobs and very few can afford a job evaluation***. In the four industries for which data on firm size are available (they cover 70% of Hong Kong's labour force), firms employing 200 persons or over only account for 0.2% of the number of

firms and 22.9% of total employment (section 9.8). Equal value would have limited impact in Hong Kong because the great majority of firms employing a majority of workers would have to be exempt from the legislation due to their lack of sophistication and resources to run job evaluations. Moreover there will be a problem of double standards as most firms can escape the burden of the legislation.

10.1. Alternatives to Equal Value Legislation

In our opinion, there are other, better means of tackling discrimination than equal value legislation. Some of these alternatives represent preliminary suggestions that require further study before implementation. These alternatives are listed below.

1. Strict enforcement of equal pay for equal work. Equal work is much easier to pinpoint than equal value and violators can easily be identified. Unlike equal value, the policy does not distort the wages of different jobs. The gains of the policy can be substantial. Experience in the UK in the 1970s shows that the relatively simple act of abolishing discriminatory "women's rate" led to a significant fall in the gender wage gap (Rhoads, 1993, p. 149).

2. The EOC can promote the voluntary practice of equal value by large organizations. Besides campaigns to raise awareness, the EOC can provide information on best practice. The EOC can also press for the training of experts in Human Resource Management, including the establishment of a postgraduate degree in local tertiary institution(s). As mentioned above, both Britain and the European Union are shifting from a coercive to a suasive approach, and there may be many practices that are useful for Hong Kong.

3. The EOC can require the larger firms to give periodic reports on the gender composition of their staff in different jobs and ranks. This will alert employers to the possibility of discrimination. This will also provide much better data on gender gaps in Hong Kong than what are currently available. The data collected will provide a useful base for further research into problem areas. For instance, the relatively low ratio of females in administrative/managerial positions in Hong Kong may be one such problem area. However, better data on the subject are needed before one can decide if any intervention is justified.

4. The low rate of female labour participation in Hong Kong (section 7.4) is a problem area worthy of attention. The problem may be related to lack of child or elderly care facilities for the great majority of families who cannot afford imported domestic helpers. In that case, provision of child or elderly care facilities should be promoted. The social assistance programmes that discourage work should also be looked at.

5. The increase in immigration from the mainland is another area worthy of attention. We have shown that the earnings differential between natives and China born immigrants for females was consistently larger than that of males (section 6.4.3.). The increase in cross-border marriages and immigration of mainland females would affect adversely the gender wage gap as well as the rate of female labour participation. Helping immigrants to adjust and provision of training opportunities would be important.

6. In the event that serious gender gaps due to labour market discrimination are found to be persistent, the EOC may consider stronger enforcement of the present stipuations in the Code of Practice on Employment on equal treatment in hiring, promotion, appraisal, training, job assignment etc. These "level playing field" stipulations are motivated by equity but may also promote economic efficiency (section 9.1). It should be noted that such stipulations are conceptually different from equal value laws. For instance, the equal employment opportunity legislation in the US does not require equal pay for jobs of comparable worth. As job-based compensation is increasingly outdated and other compensation systems such as pay-for-performance are increasingly common, it is more important to require fair practices in hiring, promotion, and performance appraisal than to require equal pay for equal value, especially when the "value" of a job cannot be ascertained in principle even by an ideal job evaluation.

10.2. Recommendations on Implementation of Equal Value

Though we do not support the adoption of equal value legislation, we would not fulfil our terms of reference if we do not recommend the least harmful way of introducing equal value, in the event that the decision is made to introduce equal value against our views. Some of the recommendations below are admittedly somewhat technical in nature, but the discussion will refer back to the earlier discussion of other countries' experiences so that the rationale for the recommendations is clear.

10.2.1. Companies Subject to Equal Value Requirements

It is recommended that companies with fewer than 200 employees be exempt from the requirement to implement equal value at this time. While this seems like a rather high cut-off point, there is an important reason why this recommendation is made. Implementing equal value requires a high degree of Human Resource sophistication, a situation which does currently exist in Hong Kong. In addition, considering the difficulty in making these adjustments, ***it is recommended that companies be given a five year period before all wage adjustments need to be made.***

This cut-off point is also consistent with the practice in other countries. The Canadian province Ontario enacted the Pay Equity Act of 1987, effective 1 January, 1988, which required private sector organizations to proactively implement equal value. This legislation originally applied to private sector employers with 500 employees, requiring wage adjustments to be made by January 1991. Private sector employers with 100-499 employees were given until January 1992 to make wage adjustments (Kovach, 1996, p. 43).

There are currently no tertiary institutions in Hong Kong offering a postgraduate level degree in Human Resource Management (HRM), and a Masters degree in HRM can be considered a basic professional qualification. It is only the larger companies that are likely to have the managerial sophistication necessary to operate an equal value program, even with the assistance of management consultants. Other countries have placed more stringent coverage requirements, but these countries have also had a better developed HR profession.

Compared to the Ontario legislation, our recommendation is to allow a longer period of time to make adjustments, as well as limiting coverage to the larger employers. This recommendation is based in large part due to differences between Canada and Hong Kong, since Canadian companies have a greater familiarity with the concepts behind equal value, and the skills required to implement equal value are more readily available in Canada.

10.2.2. Use the All-Jobs Line for Wage Comparisons

Female jobs can be compared with a number of different salary lines: the male line, composed of jobs with over 70% male incumbents; the balanced job line, composed of jobs with between 30% and 70% male incumbents; and the all-jobs line, composed of all jobs within the company. ***It is recommended that the all-jobs line be used as the basis for wage comparisons.***

Proponents of equal value usually call for the use of the male-jobs line, since this will result in larger wage adjustments for female jobs. However, there are a number of reasons why we recommend the use of the all-jobs line instead of the male-jobs line or the balanced-jobs line:

1. The all-jobs line reflects that pay for all the jobs in the organization, rather than a small subset of jobs. Using the all-jobs line will give a more stable estimate of wage line since there are a larger number of jobs and employees covered.

2. Small variations in employee composition within jobs can result in shifting jobs from one class into another. For example, suppose that a particular job category has three male and two female incumbents, which would make it a balanced class job. Then, if one of the female incumbents were to leave, the job would shift to the male-job category. The experiences reported for Minnesota in the US indicates that this can

> be a serious problem, and makes the male-jobs line very sensitive to small staffing changes. The end result is that often a male or female would be hired solely for the purpose of preventing a job from becoming a male or female dominated job category.

The estimation of the wage line is critical to the end results, and the review of compensation practice discusses some of the difficulties that can be experienced when conducting salary surveys and creating market wage lines. While it is not recommended that companies be required to conduct salary surveys using the Multiple Regression Salary Survey methodology reviewed in this report, it is ***recommended that salary surveys of the market wage line include both job and employee characteristics***. As the earlier discussion of compensation principles has indicated, salaries reflect both job and person characteristics, and it is necessary to take into consideration person characteristics such as education and experience. Thus, if women are relatively junior or inexperienced, it may appear that they are underpaid when in fact the salary system is fairly designed and administered. When only job characteristics are considered, erroneous alternative conclusions might be reached.

10.2.3. Compare Both Male, Female, and Balanced Jobs to the All-Jobs Line

When comparing wages to the all-jobs line, it is ***recommended to compare all jobs, male, female, and balanced,*** to the all-jobs line. If female jobs are paid below the line, then those jobs would be given pay increases to bring them up to the line. Similarly, if male jobs were found to be below the line, then those jobs would be brought up to the line as well. The pay of jobs above the line should be frozen until the differential is eroded by inflation.

This recommendation is intended to reduce some of the adversarial environment often found when equal value has been implemented. This recommendation would make the implementation of equal value gender-neutral. When implementation of equal value is only applied to female jobs, as was the case with Minnesota, then incumbents in non-female jobs perceive the introduction of pay increases for female jobs to be inequitable. By not making equal value “favour” female jobs, male job holders should perceive equal value more positively. Finally, not including balanced jobs will mean that female incumbents in those jobs will not receive any protection against discriminatory pay.

10.2.4. Pay Claims to Be Made with Reference to the All-Jobs Line

When making claims of discriminatory pay policies, it is ***recommended that claims be made only in reference to the all-jobs line***. Claims of discrimination would need to demonstrate that the ***pay system*** is discriminatory, or that a non-discriminatory pay system was administered in a discriminatory fashion. In particular, it should not be sufficient to make a claim of discrimination by making comparisons with a specific job or incumbent.

This recommendation is intended to eliminate some problems that the UK system has evidenced. Under the UK system, it is sufficient for female plaintiffs to find **one** male worker that is overpaid, and then demand a comparable pay level. It must be recognized that all companies will have a few unusual cases where individual workers will have unjustifiable or unusual pay levels. As long as there is not a systematic, discriminatory pattern to these unusual cases, these cases should not unjustly cause labour costs to increase. It is only when there is evidence that the pay system is systematically operating to discriminate should wage adjustments be required. By making claims against the all-jobs salary line, this goal can be achieved.

10.2.5. Labour Market Conditions to be Reflected in Final Pay System

The narrow and strict implementation of equal value would require that jobs be paid based purely upon job evaluation points, but this does not allow the proper functioning of the labour market. It is ***recommended that companies be allowed to vary from strict equal value*** when it can be demonstrated that staffing difficulties have resulted (or will result). The examples from all the countries reviewed have indicated that strict adherence to the concept of equal value has the negative effect of hindering the proper functioning of the labour market. These negative effects can be manifested in two manners:

1. Lack of labour supply or high levels of labour demand can lead to the range of market wages diverging from the wages resulting from an equal value exercise. In these situations, adherence to equal value wages will lead to difficulties in staffing those positions. Given the rapid changes in the labour market in Hong Kong due to the shift towards a knowledge and service based economy, situations like this are predicted to be a common occurrence as companies' labour requirements continue to change. Therefore, it is important that companies be allowed the flexibility to address these staffing concerns.

2. In other industries and/or occupations, excess supply of labour can be present. Given the changes in the types of labour demanded in Hong Kong, this excess supply of labour is not inconsistent with a lack of supply of other forms of labour. If equal value were to force employers to maintain excessively high wages levels, this would reduce the incentive of individuals with outdated skills to seek new skills. When wages are prevented from falling, individuals would prefer to try to find another job of the same type rather than seek an alternative job. Thus, allowing wages to fall when there is an excess supply of labour will help speed up the rate of adjustment to changes in demand, since workers with outdated skills would feel additional pressure to acquire new skills.

Clearly, in order to prevent abuses of these conditions, it would be necessary to require that companies provide adequate justification and market research to show that variations from equal value results are due to labour market conditions. At the same

time, it is important to allow the proper functioning of the labour market. Australia's abandonment of wage setting and equal value provides a clear example of why it is important to allow the labour market to function properly.

10.2.6. Strategic Orientation of Company to be Reflected in Pay Evaluation

Job value does not exist independent of the companies' need for the job. Therefore, our final ***recommendation is that companies be allowed to include their strategic requirements in setting job wages***. This recommendation is consistent with the application of equal value within both Canada and the US, and is intended to mitigate some of the difficulties experienced in the UK and Australia. The discussion of both the UK and Australia highlighted some of the difficulties that companies have when they are not allowed to base their wages upon their business requirements. Compensation is a powerful tool that companies use to attract the right employees and reinforce desired behaviours, and it is important that this be allowed to continue. This recommendation will allow companies to continue using their compensation system as a management tool, while requiring that any pay differences that might appear discriminatory to be justified based upon admissible business requirements.

10.2.7. Conclusion of Implementation Recommendations

These recommendations were designed to help minimize the negative effects of equal value. It is the judgement of this group that the costs of equal value outweigh the benefits, and that there are other, better means of addressing discrimination in employment. However, these recommendations are provided in the event that it is decided to move forth with implementing equal value in Hong Kong.

It is admitted that these recommendations will have the unfortunate side-effect of reducing some of the potential effectiveness of equal value, but these recommendations are grounded in the serious, negative consequences of equal value that have been experienced elsewhere. The two recommendations that will most seriously influence the effectiveness of equal value are recommendations I and II. Recommendation I is to limit the requirement to implement equal value to organizations with more than 200 employees, but this is a very necessary requirement given the current supply of skilled and experienced HR professionals in Hong Kong. Recommendation II is to use the all-job line, rather than the male jobs line, but this recommendation is designed to prevent companies from "having" to select employees of a certain gender to keep jobs from becoming male or female dominated. Using the all-jobs line will result in much more stable practices. The other recommendations are all designed to allow the equal value principle to operate without overriding the market system or strategic differentiation. Not following these remaining recommendations will seriously hinder the competitiveness of Hong Kong business, and thus ultimately prove to not be in the best interests of either employers or employees.

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Appendix I

Point-Factor Job Evaluation

Compensable Factors: Scale Anchors and Factor Weights

Compensable factors should be chosen that satisfy the following requirements:

1. Must be representative of entire range of work (tasks) being evaluated
2. Must apply to most or all jobs being evaluated
3. Be related to organizational objectives
4. Be acceptable to the parties involved (management and staff)

An incomplete list of the types of compensable factors that might be considered are listed in **Table A1.1**. From the listing in the table, it can be seen that there is considerable variation in the types of factors that might be included, and the decision to include particular factors should be related to the list above.

Table A1.1

Possible Compensable Factors

Creativity/Analytical Requirements
Education Required
Experience Required
Decision Making
Financial Responsibilities
Inside Relationships
Management Responsibilities
Mental Effort
Outside Relationships
Physical Effort
Responsibility for People
Task Complexity
Working Conditions

The choice of the appropriate number of factors must also be considered. Too few factors will not allow accurate distinctions between jobs since the full range of job duties will not be reflected. Alternatively, too many factors will result in a system that is difficult to understand and expensive to administer and maintain, which results in dissatisfaction with the system and difficulty in keeping the system up to date. When choosing factors, seven or eight factors would make a good rough estimate on the number

of factors to use, but this number will depend upon the variability in task content between the jobs being evaluated.

Once the compensable factors have been chosen, scale anchors must be designated. Clearly worded anchors are necessary in order to achieve any degree of validity in the job evaluations. In order to illustrate this point, consider the following example contained in **Table A1.2**. This example is based upon an actual job evaluation system used by a large professional services company in the US.

Table A 1.2

Sample Job Evaluation Using Compensable Factors

Compensable Factor	0	1	2	3	4	5	6	7	8
Education Required	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Experience Required	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Decision Making	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
.....	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Instructions to Job Incumbent: When rating your job on these factors, please give your job a rating using 0-8, where 0 is the lowest score, and 8 is the highest score.

When specific scale anchors are not provided, it is difficult to make accurate comparisons between different jobs, since the actual ratings given can tell as much about the people giving the ratings as they do about the jobs being rated. When there are no specific anchors, the people doing the evaluations must provide their own definition about what the numeric anchors mean (just what does a "7" really mean?), and different individuals will apply different definitions. Thus, inter-rater reliability of job evaluation scores will be very low in this case.

A much better scale is illustrated in **Table A1.3**. In this example, specific anchors have been provided for the job evaluation factor. The anchors chosen in this example are specific enough that it is clearly to all evaluators exactly how to assign ratings to specific jobs. By providing anchors with this degree of specificity, it is much easier to achieve agreement across different evaluators on what final score to give to each job being evaluated, and it is more likely that an appropriate job hierarchy will result from the job evaluation process. In the same way that it is important to choose compensable factors that apply to a large number of jobs, it is also important that the scale anchors be carefully chosen to reflect actual variation in task content and complexity across different jobs.

Table A1.3

Sample Job Evaluation Using Compensable Factors With Specific Scale Anchors

Compensable Factor	0	1	2	3	4	5	6	7	8
Decision Making	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Instructions to Job Incumbent: When rating your job on this factor, please use the following rating scale.

Decision Making

No decision making. **Follows clear and specific orders**.	0
Consistent with company policies in **designated functional area**.	2
On a **range of professional issues**, often without any precedent to follow.	4
Committing **significant staff and financial resources**.	6
Makes general business decisions, setting **overall strategic direction**.	8

After compensable factors and scale anchors have been chosen, it is necessary to assign weights to the different compensable factors. While compensable factors should cover all job aspects that lend value to the organization, not all compensable factors are of equal importance. In the following example, it will be seen how sensitive job evaluation results can be to the choice of compensable factor weighting. This example is loosely based upon an example used by the UK Equal Opportunities Commission (1993). **Table A1.4** shows sample job evaluation scores for two jobs derived using unweighted compensable factors.

Table A1.4

Sample Job Evaluation Scores with Unweighted Compensable Factors

Compensable Factors	Maintenance Fitter	Company Nurse
Basic knowledge	6	8
Complexity of task	6	7
Training (or education) required	5	7
Responsibility for people	3	8
Responsibility for materials & equipment	8	6
Mental effort	5	6
Visual attention	6	6
Physical activity	8	5
Working conditions	6	1
Total	53	54

When the compensable factors are weighted, different scores might often be obtained. **Table A1.5** shows what happens when the same factor scores used in **Table A1.4** are summed up using weighted compensable factors[1].

Table A1.5

Sample Job Evaluation Scores with weighted Compensable Factors

Compensable Factors	Weight	Maintenance Fitter	Weighted Score	Company Nurse	Weighted Score
Basic knowledge	10	6	6	8	8
Complexity of task	20	6	12	7	14
Training (or education) required	20	5	10	7	14
Responsibility for people	15	3	4.5	8	12
Responsibility for materials & equipment	10	8	8	6	6
Mental effort	10	5	5	6	6
Visual attention	10	6	6	6	6
Physical activity	3	8	2.4	5	1.5
Working conditions	2	6	1.2	1	0.2

[1]The factor weights chosen in this example are purely arbitrary, and were chosen only to illustrate the importance of factor weights in determining final job evaluation scores.

Total	100		55.1		67.7

The example shows how factor weight choice can influence the final job evaluation scores. In this case, where the unweighted scores would indicate that the two jobs were equal in value, when weighted scores are used, the nursing job is judged to be substantially more valuable than the maintenance fitter, and would thus receive a higher salary. What makes the choosing of factor weights difficult is that there is no objective way of selecting factor weights; factor weights are subjectively chosen to reflect organizational values and objectives. Consider a company that were to be making a strategic decision to reorient towards high customer service quality. This company would want to re-weight the factors to place more emphasis upon compensable factors that would be related to this change in strategy. One such factor, outside relationships, is contained in the list in **Table A1.1**. Customer contacts are outside (the organization) relationships, and this change in strategy would require an increase in the factor weights for this compensable factor. When it is taken into account that different firms within the same industry often follow different strategies, it can be seen that the choice of both compensable factors and factor weights has the potential for varying significantly across firms.

Sbjective or Objective?

Despite the appearance of scientific rationality, it must be kept in mind that job evaluation is not an objective process. It can be seen that there are places where subjective decisions must be made: deciding upon compensable factors, and choosing the weights for the compensable factors. When deciding upon these two elements (factors and weights), the analysts must try to determine how to reflect organizational strategy and objectives. Ultimately, there is no clear objective criteria that can be used to determine whether jobs have been appropriately evaluated, and it is particularly important that this fact must be taken into account when job evaluations are being used as a basis for determining equal pay for work of equal value.

Appendix II

Conducting Wage and Salary Surveys

In this appendix, details about conducting surveys of market wage rates will be discussed, with an eye towards the problems associated with obtaining accurate (and valid) results. The choice of the appropriate market for salary comparisons will be the first topic discussed, followed by a discussion on matching jobs across organizations. In the following discussion, unless explicitly noted otherwise, the term wages will be used in the broadest possible sense to include both direct (cash) and indirect (e.g., benefits, bonuses, etc.) forms of compensation.

Choosing the Right Market for Wage and Salary Comparisons

The most obvious basis for setting wage rates is to compare wages with the prevailing wages in the labor market. In the short term, it is necessary for companies to pay attention to labor market wage rates, since an employer's ability to attract and retain qualified employees is highly dependent upon the wage rates paid by the employer. Rynes and Milkovich (1986) point out that the geographic size of the labor market varies across different jobs. Research has shown that the lower the average wage for a job, the smaller the size the geographic labor market appears to be (e.g., Hempel, Fay, Risher and Bobko, 1991).

Even more interestingly, the Hempel, Fay, Risher, and Bobko (1991) study shows that the hierarchy of job value (as determined by market wages) appears to exhibit great differences across different geographic labor markets for lower wage jobs, and that the hierarchy of job value becomes more similar across different geographic labor markets as average job wage increases. Since equal value is concerned with the position of individual jobs within the pay hierarchy, this finding has obvious implications for salary survey sample design. The higher the average wage within any particular job, the more important it is to conduct salary surveys over a large geographic labor market.

Compensation specialists (e.g., Rynes and Milkovich, 1986; Wallace and Fay, 1988) note that while a company must pay attention to the relevant labor market wages (and notice that the size of the labor market might be national or international in size), in the long run the more important comparison for a company will be with the wages paid by their product market competitors. In the short term, employers hire employees from the relevant local labor market; in the long term, employers might need to move production in order to be able to match production costs of their product market competitors. Therefore, when deciding upon compensation levels, employers must pay attention to wages paid in both the labor market and in the product market.

Matching Jobs Across Organizations

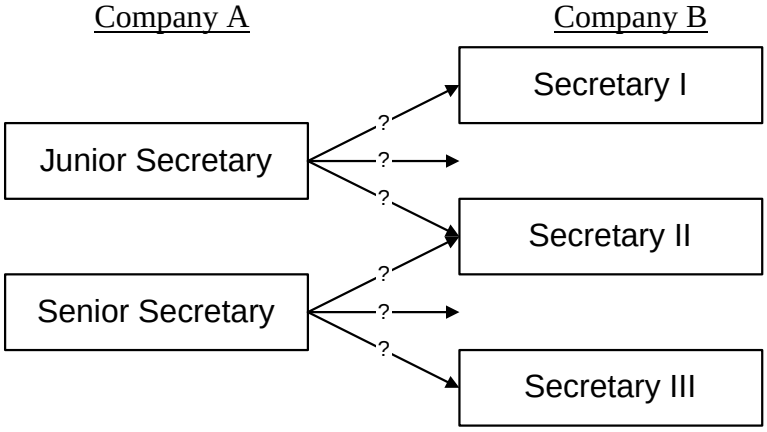
As more organizations design and modify jobs to fit organisational requirements, the difficulty in finding clear matches increases. Even within the same organization, it is hard to find two individuals occupying different positions within the same job that have the same exact set of duties, and there are no clear guidelines for determining when the jobs have diverged enough to be considered different jobs. When it can be argued that different people in the same organization with the same job actually have different jobs, then making comparisons across organizations is fraught with even more difficulties.

It is thus unfortunate that many salary surveys do not adequately control for both differences in job content and in labor force characteristics. A survey will typically provide a brief job description for a benchmark job, and then ask the respondents to provide information for the job in their organization that most closely matches that benchmark job. A simple question is usually included to ask the respondents "how closely" their job matches the sample job description, but it is impossible for the survey analyst to determine just what "close" means. Therefore, unless the analyst(s) conducting the survey spends a great deal of time and effort closely examining the jobs in all the respondent organizations, the quality of the resulting wage data can be suspect.

Consider the following, rather simplistic, example that is illustrated in **Figure A2.1**. The example illustrates the secretarial jobs within two different organizations. For simplicity, let us assume that job duties and responsibilities for the secretarial job family are similar across the two organizations. In one organization the secretarial job family has been categorized into two specific job titles: Junior Secretary, and Senior Secretary. However, in the other organization the secretarial job family has been categorized into three specific job titles: Secretary I, Secretary II, and Secretary III.

Figure A2.1

Matching Jobs Across Companies



Is there an acceptable job match between these two companies?

It might still not be appropriate to directly compare salary levels even when two different companies have identical jobs. Due to the fact that pay depends upon both the job and the individual, it is also necessary to determine whether the individuals are similar across companies in the same way that jobs are similar. For example, it is fairly common practice to have a seniority component in most salary systems. Therefore, a company with a large number of employees with high levels of seniority would pay higher salaries than would a company with more junior employees, even when the jobs are identical. If the company with more senior employees were to cut salaries to "match the market", the company would likely experience labor difficulties.

One recent trend in management theories and practices has been to moving towards work designs that abandon the traditional definition of job-based employment. Recent discussions of "competencies" is one example of how employment is changing, and some companies are implementing competency-based pay or skill-based pay rather than traditional job-based pay. When these changes are implemented, the job component of pay becomes less important, and the person component of pay becomes more important. Despite these changes, there is still little published advice on how to conduct salary surveys for organizations that do not adopt traditional job-based pay systems. In one of the rare articles on this subject, Davis (1997) recommends two different approaches: maturity surveys, and multiple regression surveys. The maturity survey bases pay levels upon years of experience, but a drawback is that job characteristics are not taken into consideration. The multiple regression survey is somewhat complicated to implement, but it does offer the advantage that it makes it possible to explicitly take into account both job and person based components of pay when conducting surveys. Since the multiple regression survey is new and somewhat complicated, an example of a multiple regression survey will be presented.

Total Compensation Salary Surveys

Throughout this appendix the terms wage and salary have been used interchangeably, but strictly speaking this is inaccurate. Wages really should refer only to direct forms of compensation, but most people are paid more than just direct compensation. Compensation professionals prefer to use the term **total compensation** to denote all forms of compensation: salary, bonuses, deferred forms of compensation, benefits. Since firms are differentiated in terms of the benefits and bonuses offered, it is inaccurate to consider only immediate and direct forms of compensation.

Typically, salary surveys try to capture the total amount of compensation that paid, although for many forms of indirect compensation (such as benefits), it is difficult to accurately assess the market value. The value of medical and other forms of insurance can be based upon premiums, but comparison of the value of self-insured programs can be difficult. Other forms of benefits can be even more difficult to control for, but this is important to do if companies do not all offer identical benefits packages. It is also important to include the value of paid-time-off, bonuses, and pensions and other forms of deferred compensation.

Conducting Multiple Regression Salary Surveys (MRSS)

Tempting as it is to conclude, conducting salary surveys is not an exact science. As Rynes and Milkovich (1986) note, scholars know many of the problem areas to watch out for, but do not have any clear and precise procedures that will guarantee accurate results. Ultimately, the results of any salary survey will reflect a number of subjective decisions that have been made. These decisions include, but are not limited to: the choice of the appropriate market for comparison, whether the labor market, product market, or a combination; the matching of jobs across different organizations; and consideration of the variation in individual characteristics of employees across different organizations.

Selection of the appropriate market for wage comparisons is very much a subjective decision, but there are survey techniques that help mitigate problems with differences in job and employee characteristics across organizations. A survey technique known as Multiple Regression Salary Survey (MRSS) is one such way of addressing these problems. Unlike traditional salary surveys, which ask survey respondents to attempt to match their organizations' jobs to the survey benchmark jobs, the MRSS asks the survey respondents to describe their organizations' jobs. This information is then used to directly estimate the market price for various job characteristics.

In order to illustrate MRSS, an example of an early MRSS is presented here[1]. The first stage in conducting an MRSS is to decide upon a list of factors that will be used to describe the jobs being surveyed. In this respect, the MRSS looks just like a job evaluation, and the same criteria used to decide upon job evaluation factors should be used to decide upon job factors included in the MRSS. A survey form is then created using these factors. **Table MRSS** shows an example page for professional and managerial positions. When survey respondents fill out the survey, rather than attempting to match their organizations' jobs to the benchmark jobs, what the survey respondents must do is to describe their organizations' jobs along the provided job factors.

The MRSS also differs from traditional salary surveys in that the MRSS methodology makes it easy to take into consideration differences in the qualifications of the work forces across companies. In **Table MRSS**, it can be seen that information is also collected on experience and educational levels of job incumbents. Traditional salary surveys can also collect this information, which can help in determining if the proper job matching has occurred, but it is difficult to include this information in the analysis of market wages.

When salary survey data is collected using the MRSS method, the analysis of survey information is considerably simplified. Since information about job and individual characteristics has been collected, it is possible to take into explicit account

[1]The survey discussed here was conducted by Charles H. Fay and Paul S. Hempel of Rutgers University (NJ, USA) for IBM Workforce Solutions in 1994.

how both job and individual characteristics influence wages. By estimating the equation:

$$\text{Earnings} = \beta_o + \beta_i I + \beta_j J + \varepsilon$$

where

I Individual Characteristics

J Job Characteristics

it is possible to derive an explicit equation that can be used to estimate market wages. Using the MRSS methodology, there needs to be much less concern given to job matches, since no attempt is made to exactly match jobs. As long as all the jobs surveyed can be reasonably described using the provided set of job factors, it is possible to estimate the market wage for a job by using the market value of the job characteristics. In addition, since personal characteristics are taken into consideration, it is possible to take account of differences in the way companies might choose to staff otherwise identical jobs. For example, if a company has a job with incumbents of high seniority, it is natural to expect that wages will be above market average, *even if* the company is not pursuing a policy of paying above the market.

Despite the advantages of using the MRSS method for conducting salary surveys, there are some drawbacks. One problem is that this method is not well known, and it requires fairly sophisticated survey respondents in order to collect the appropriate information. Any company that has the ability to conduct job evaluations will have no difficulties in filling out a MRSS based survey, but if the respondent company is not familiar with job evaluation, then the MRSS will appear quite bewildering. In addition, if the survey respondent does not have some form of computerized Human Resource Information System (HRIS), then collecting the incumbent characteristic data required by the MRSS might prove to be difficult.

Salary Surveys in Review

Properly establishing market wage levels is an important step in designing a compensation system, and an often overlooked problem in establishing the appropriate market wage level is in determining both the proper market and in matching jobs. Determining the appropriate market for wage comparisons is a critical issue, but remains a highly subjective decision. The traditional methods of collecting salary surveys have a weakness when it comes to properly matching jobs across organizations, and in addition do not readily allow the consideration of differences in employee characteristics across organizations. In response to this job matching problem, the MRSS method of conducting salary surveys has been developed, and while the newness of this method makes it unfamiliar with many organizations, it takes into explicit consideration differences in both job content and incumbent characteristics. In

addition, the similarities that MRSS has with job evaluation makes the method ideally suited for use in salary surveys that would be used for establishing equal value pay systems.

TABLE MRSS: EXAMPLE OF MULTIPLE REGRESSION SALARY SURVEY

Rating Scale for Professional and Managerial Positions

EDUCATION

1 Knowledge of **specialized function** area.
3 Knowledge of **related functional** areas. **Professional certification** in designated functional area.
5 Knowledge of **broad areas** of management. May require MS/MBA or equivalent degree.

EXPERIENCE

1 **7-8 years** experience required.
3 **Up to 11 years** experience required.
5 **Typically 12+ years** experience required.

DECISION MAKING

1 On **implementation** of **appropriate programs**, and can impact major function.
3 Decisions and recommendations to senior management on **significant program**s.
5 On **very important programs**. Normally reports to an executive.

CREATIVITY/ANALYTICAL

1 Interpret complex data in order to **provide information and advice**.
3 Interpret complex and highly specialized data in order to develop **complex new programs**.
5 Evaluate and interpret complex data in order to develop alternative approaches to **very complex new programs**.

INSIDE RELATIONSHIPS

1 Regular contacts with **management** on topics of **specific expertise**.
3 Regular contacts with **senior management** on a **variety of issues**.
5 Daily contacts with **senior management** on a variety of **significant issues**.

OUTSIDE RELATIONSHIPS

1 May represent organization before **lower level management** of small customer organizations.
3 Regular contacts with **senior and top management** of customers on significant issues.
5 Regular contacts with **Director** of large organizations on sensitive and significant issues.

MANAGEMENT RESPONSIBILITIES

1 Manages **diversified groups of employees**, project or program segment.
3 Manages group of **professional employees** in complex work, major project or program.
5 Manages **multiple programs** or **departments** engaged in very complex activities, client relationships

FINANCIAL RESPONSIBILITIES

All levels require the efficient management of the department supervised.
1 Significant impact on costs through **recommendations**.
3 **Significant impact** on costs **through decisions** on new policies.
5 Significant impact on **bottom line costs through decisions** on new policies

Your job title: _____

Please rate this job on the following dimensions, using the rating scale on the facing page.

	0	1	2	3	4	5	6
Education	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Experience	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Decision Making	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Creativity/Analytical	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Inside Relationships	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Outside Relationships	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Management Resp.	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Financial Resp.	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

GENERAL INFORMATION

Number of incumbents _____
Average experiences of incumbents (years):
in current position _____
total work experience _____

Education of incumbents
B.A. degree _____%
M.A. or equiv. _____%
Ph.D. degree _____%

ANNUAL BASE SALARY

Average annual salary $_____
Lowest annual salary $_____
Highest annual salary $_____

SHORT TERM (ANNUAL) INCENTIVES

Number eligible for award _____%
Number receiving award _____%
Target award $_____ or _____% of base salary
Average award $_____ or _____% of base salary

LONG TERM INCENTIVES

Number eligible for award _____%
Number receiving award _____%
Estimated Net Present Value of average award $_____

TOTAL CASH COMPENSATION

Average total compensation for all incumbents $_____
Average total compensation for incumbents receiving bonuses $_____

Appendix III

The Brown et al. Decomposition of Gender Wage Differential

The Brown, Moon and Zoloth's (1980) technique allows the decomposition of the total wage differential between men and women into components related to within-occupation wage differences and occupational differences.

Let the log wage of individual i in occupation j (W_{ij}) be expressed as

$$W_{ij} = \alpha_j + X_{ij}\beta_j + \varepsilon_{ij}, \quad j = 1,2,...,J$$

where $\mathbf{X_{ij}}$ represents the characteristics (e.g. education, experience) of the individual, α_j and β_j are parameters to be estimated, ε_{ij} is a random error term, and J is the number of occupational groups. If estimates of α_j and β_j ($\hat{\alpha}_j$ and $\hat{\beta}_j$) are obtained using ordinary least squares, then the mean wage in occupation **j** is $\bar{W}_j = \hat{\alpha}_j + \bar{X}_j\hat{\beta}_j$ and the mean wage across all occupations is $\bar{W} = \Sigma_j \left(P_j\hat{\alpha} + P_j\bar{X}_j\hat{\beta}_j\right)$, where $\mathbf{P_j}$ is the fraction of the employees in occupation j and a bar over a variable denotes the mean value. Thus, the wage decomposition proposed by Brown et al. (1980) is

$$\bar{W}^m - \bar{W}^f = \sum_j P_j^f(\hat{\alpha}_j^m - \hat{\alpha}_j^f) + \sum_j P_j^f\bar{X}_j^f(\hat{\beta}_j^m - \hat{\beta}_j^f) + \sum_j P_j^f\hat{\beta}_j^m(\bar{X}_j^m - \bar{X}_j^f)$$

$$+ \sum_j \bar{W}_j^m(P_j^m - \hat{P}_j^f) + \sum_j \bar{W}_j^m(\hat{P}_j^f - P_j^f) \qquad (5)$$

where the superscripts m and f refer to males and females respectively, the term $P_j^f(P_j^m)$ is the observed proportion of females (males) in occupation ***j,*** and the term $\hat{P}_j^f$ represents the hypothetical proportion of women in the sample who would be in occupation j if women faced the same occupational structure as men.

Brown et al. defined the sum of the first two terms as unjustified differences in within-occupation wages (**C**), the third term (**A**) as the justifiable within-occupation wage differential, and the fourth term (**B**) and the fifth term (**D**) as the justifiable and unjustifiable portions of occupational segregation, respectively. Terms that are justifiable capture the wage differentials due to differences in characteristics between men and women, while those which are unjustifiable capture the wage differential which is unexplained and is normally attributed to discrimination.

Brown et al.'s method is superior to Blinder's and Oaxaca's where the occupational distributions of the gender groups differ appreciably. Since the occupational distributions of men and women in Hong Kong differ substantially (see Table 6.13), Brown et al.'s approach is adopted in this study.

The most innovative aspect of this model is the computation of non-discriminatory occupational structure for women (i.e. $\hat{P}_j^f$). This requires a model of occupational attainment to be estimated. Brown et al. specified a reduced form multinominal logit model to capture how variables affect the probability of individual i working in occupation j. This

$$P_{ij} = \text{prob}\,(y_i = oc_j) = \frac{e^{x_i\gamma_j}}{\sum_{k=1}^{J} e^{x_i\gamma_j}} \qquad i = 1,....N,\ j=1,....,J$$

probability may be defined as

where J = number of occupational groups, and x_i = a vector of exogenous variable affecting labour supply and demand factors. Estimates of the parameters of this model are obtained for male observations, and the female data are then substituted into the estimated equation(s) producing for each woman a (vector of) predicted probabilities of belonging to each occupation. These predicted probabilities of being in each occupation are summed over observations to produce the predicted occupational distribution of women, $\hat{P}_j^f$.

The general procedure to estimate this wage decomposition involves four steps. First, a probability model (i.e. either multinominal logit or ordered probit) of occupational attainment is used to calculate the female predicted occupational distribution, $\hat{P}_j^f$. Second, wage functions are estimated for each occupation and gender category to get $\hat{\alpha}_j^m$, $\hat{\alpha}_j^f$, $\hat{\beta}_j^m$, and $\hat{\beta}_j^f$. Third, the information obtained in the first two steps is used to calculate **A**, **B**, **C** and **D** which may be summed to obtain the total gender wage differential. Finally, by dividing **C** into the total gender wage differential, the proportion of the within-occupation wage differential that is unjustifiable is obtained. Similarly, **A** over the total wage differential is equal to the proportion of the justifiable within-occupation wage differential; **B** and **D** over the total wage differential are, respectively, equal to the justifiable and unjustifiable portions of occupational segregation.

Predicting Occupational Distribution

Following the approach by Brown et al. (1980), we construct a reduced form multinominal logit model with occupational choice as the dependent variable, and experience, experience squared, married dummy, widowed/separated dummy, China dummy and years of schooling as independent variables. For the model including foreigners, we also add the Foreign dummy. Data limitations exclude using other potentially useful variables in predicting occupations.

The estimation results are presented in Tables A3.1 to A3.4. With the estimated coefficients, we calculate the predicted probabilities of the female occupational distribution (Table 6.13).

Table A3.1: Coefficients in the Multinomial Logit Model of Male Paid-employee 1981, Agricultural and fishery workers as Normalized Group (Standard Errors in Parentheses)

With Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-4.2865	0.0329	-5.90E-04	-0.2177	0.8448	0.9012	1.0546	0.6159
	(0.2666)	(0.0175)	(2.80e-04)	(0.1150)	(0.5081)	(0.1441)	(0.4029)	(0.0191)
Professionals	-3.4922	-1.17E-03	-3.20E-04	-0.4406	0.2692	-0.0245	0.1394	0.7269
	(0.2599)	(0.0169)	(2.69e-04)	(0.1126)	(0.5072)	(0.1388)	(0.3971)	(0.0188)
Clerks	0.7062	-0.0411	6.75E-04	-0.3113	0.1520	-0.2699	0.0461	0.4602
	(0.2553)	(0.0166)	(2.58e-04)	(0.1109)	(0.5066)	(0.1371)	(0.3862)	(0.0186)
Salespersons	2.3472	-0.0456	5.58E-04	0.4366	1.0796	0.0418	0.3120	0.2061
	(0.2558)	(0.0167)	(2.58e-04)	(0.1113)	(0.5070)	(0.1377)	(0.3854)	(0.0186)
Service workers	5.1999	-0.0645	6.67E-04	0.4116	1.2257	-0.0194	0.5882	0.0110
	(0.2536)	(0.0165)	(2.55e-04)	(0.1102)	(0.5055)	(0.1364)	(0.3805)	(0.0184)
Crafts, Operators and Labourers	6.9096	-0.0574	4.40E-05	0.6481	1.4891	-1.93E-03	0.3280	-0.0427
	(0.2527)	(0.0165)	(2.54e-04)	(0.1098)	(0.5046)	(0.1358)	(0.3798)	(0.0183)
Without Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-8.8724	0.1007	-8.20E-04	0.2421		0.0352	0.8298	1.2770
	(0.5442)	(0.0340)	(5.29e-04)	(0.2022)		(0.2552)	(1.0453)	(0.0342)
Professionals	-7.1748	0.0431	-1.20E-04	0.1002		-0.7088	0.1363	1.1700
	(0.5359)	(0.0334)	(5.15e-04)	(0.2000)		(0.2514)	(1.0406)	(0.0338)
Clerks	-2.9557	-0.0189	1.60E-03	0.4912		-1.0758	-0.1446	0.8216
	(0.5530)	(0.0332)	(5.06e-03)	(0.1994)		(0.2514)	(1.0387)	(0.0337)
Salespersons	1.4919	-0.0640	1.40E-03	0.9287		-0.5268	0.7690	0.4321
	(0.5300)	(0.0331)	(5.03e-04)	(0.1980)		(0.2505)	(1.0334)	(0.0334)
Service workers	1.2318	-0.0303	1.67E-03	1.0358		-1.0055	0.3440	0.4117
	(0.5287)	(0.0330)	(5.00e-04)	(0.1973)		(0.2499)	(1.0308)	(0.0332)
Crafts, Operators and Labourers	2.6318	-2.17E-03	4.30E-04	1.2574		-0.6174	0.3494	0.3571
	(0.5266)	(0.0330)	(4.99e-04)	(0.1963)		(0.2486)	(1.0297)	(0.0330)

Table A3.2: Coefficients in the Multinomial Logit Model of Male Paid-employee 1986, Agricultural and fishery workers as Normalized Group (Standard Errors in Parentheses)

With Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-10.2773	0.1375	-1.27E-03	-0.1414	0.5709	0.5493	0.5470	1.3045
	(0.1837)	(0.0120)	(2.00e-04)	(0.0729)	(0.2472)	(0.0876)	(0.2375)	(0.0126)
Professionals	-9.0555	0.0848	-3.60E-04	-0.2865	-0.2495	-0.2947	-0.4460	1.1030
	(0.1725)	(0.0111)	(1.79e-04)	(0.0695)	(0.2467)	(0.0810)	(0.2314)	(0.0121)
Clerks	-4.8037	0.0392	7.51E-04	-0.1723	-0.8109	-0.6335	-0.7244	0.8278
	(0.1656)	(0.0107)	(1.63e-04)	(0.0670)	(0.2481)	(0.0789)	(0.2198)	(0.0117)
Salespersons	-3.2349	0.0116	8.96E-04	0.5828	0.3966	-0.3329	-0.3491	0.6310
	(0.1666)	(0.0107)	(1.64e-04)	(0.0673)	(0.2476)	(0.0800)	(0.2194)	(0.0118)
Service workers	-0.0529	1.86E-03	8.57E-04	0.5429	0.5462	-0.3716	-0.1284	0.4002
	(0.1614)	(0.0104)	(1.57e-04)	(0.0649)	(0.2441)	(0.0771)	(0.2082)	(0.0114)
Crafts, Operators and Labourers	1.2440	0.0331	-9.00E-05	0.7883	0.6680	0.3128	-0.2696	0.3419
	(0.1594)	(0.0103)	(1.56e-04)	(0.0640)	(0.2422)	(0.0760)	(0.2061)	(0.0112)
Without Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-10.6946	0.1602	-1.55E-03	-0.2158		0.5138	0.4813	1.0558
	(0.1887)	(0.0123)	(2.06e-04)	(0.0732)		(0.0894)	(0.2445)	(0.0129)
Professionals	-9.3464	0.0925	-4.70E-04	-0.3007		-0.3067	-0.4600	1.1271
	(0.1754)	(0.0113)	(1.82e-04)	(0.0697)		(0.0818)	(0.2356)	(0.0123)
Clerks	-5.0232	0.0447	7.08E-04	-0.1869		-0.6514	-0.7416	0.8481
	(0.1678)	(0.0108)	(1.65e-04)	(0.0671)		(0.0795)	(0.2207)	(0.0119)
Salespersons	-3.3437	0.0153	8.75E-04	0.5756		-0.3485	-0.4058	0.6425
	(0.1689)	(0.0109)	(1.65e-04)	(0.0674)		(0.0806)	(0.2207)	(0.0120)
Service workers	-0.1603	5.03E-03	8.35E-04	0.5427		-0.3819	-0.1558	0.4117
	(0.1634)	(0.0105)	(1.58e-04)	(0.0650)		(0.0777)	(0.2087)	(0.0116)
Crafts, Operators and Labourers	1.1551	0.0344	-8.00E-05	0.7946		-0.3251	-0.2887	0.3534
	(0.1614)	(0.0104)	(1.57e-04)	(0.0640)		(0.0765)	(0.2065)	(0.0114)

Table A3.3: Coefficients in the Multinomial Logit Model of Male Paid-employee 1991, Agricultural and fishery workers as Normalized Group (Standard Errors in Parentheses)

With Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-8.4330	0.0845	-7.20E-04	0.3336	0.8080	0.0192	0.9142	1.1022
	(0.5394)	(0.0337)	(5.27e-04)	(0.2022)	(0.7173)	(0.2525)	(1.0422)	(0.0337)
Professionals	-6.7893	0.0306	3.50E-05	0.1367	0.1945	-0.7079	0.1869	1.1421
	(0.5322)	(0.0332)	(5.14e-04)	(0.2000)	(0.7167)	(0.2492)	(1.0385)	(0.0334)
Clerks	-2.6325	-0.0289	1.71E-03	0.5081	-0.1055	-1.0763	-0.1241	0.7965
	(0.5297)	(0.0331)	(5.06e-04)	(0.1995)	(0.7195)	(0.2492)	(1.0374)	(0.0332)
Salespersons	-1.1475	-0.0632	1.95E-03	1.2171	0.7789	-0.9412	0.0373	0.5610
	(0.5370)	(0.0334)	(5.12e-04)	(0.2029)	(0.7269)	(0.2540)	(1.0484)	(0.0340)
Service workers	2.3845	-0.0618	1.83E-03	0.9604	1.0140	-0.7581	0.6286	0.3818
	(0.5245)	(0.0328)	(4.99e-04)	(0.1969)	(0.7143)	(0.2472)	(1.0291)	(0.0327)
Crafts, Operators and Labourers	2.7962	-7.98E-03	4.89E-04	1.2587	0.9521	-0.6152	0.3689	0.3431
	(0.5237)	(0.0328)	(4.99e-04)	(0.1965)	(0.7137)	(0.2460)	(1.0287)	(0.0326)
Without Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-8.9327	0.1003	-7.90E-04	0.2588		0.0113	0.7951	1.1349
	(0.5453)	(0.0340)	(5.29e-04)	(0.2025)		(0.2541)	(1.0451)	(0.0343)
Professionals	-7.2344	0.0423	-8.00E-05	0.1182		-0.7328	0.1016	1.1775
	(0.5370)	(0.0334)	(5.15e-04)	(0.2003)		(0.2503)	(1.0404)	(0.0339)
Clerks	-3.0036	-0.0194	1.62E-03	0.5057		-1.0926	-0.1691	0.8279
	(0.5341)	(0.0332)	(5.06e-04)	(0.1997)		(0.2503)	(1.0385)	(0.0337)
Salespersons	-1.4179	-0.0548	1.87E-03	1.2191		-0.9616	0.0284	0.5844
	(0.5416)	(0.0336)	(5.20e-04)	(0.2032)		(0.2552)	(1.0492)	(0.0345)
Service workers	2.1584	-0.0543	1.76E-03	0.9626		-0.7664	0.5881	0.4011
	(0.5286)	(0.0330)	(5.99e-04)	(0.1971)		(0.2482)	(1.0298)	(0.0332)
Crafts, Operators and Labourers	2.6173	-2.30E-03	4.34E-04	1.2665		-0.6250	0.3384	0.3596
	(0.5277)	(0.0329)	(4.99e-04)	(0.1966)		(0.2476)	(1.0295)	(0.0331)

Table A3.4: Coefficients in the Multinomial Logit Model of Male Paid-employee 1996, Agricultural and fishery workers as Normalized Group (Standard Errors in Parentheses)

With Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-8.2397	0.1503	-1.58E-03	0.0583	-0.2117	-0.2217	-0.1489	1.0169
	(0.2654)	(0.0169)	(2.69e-04)	(0.1065)	(0.1956)	(0.1438)	(0.3262)	(0.0166)
Professionals	-6.5892	0.0820	-5.70E-04	-0.1366	-0.7615	-0.8741	-0.7565	1.0391
	(0.2633)	(0.0168)	(2.66e-04)	(0.1060)	(0.1955)	(0.1430)	(0.3251)	(0.0165)
Clerks	-2.3589	0.0192	8.13E-04	0.2236	(0.8087)	-1.2048	-1.0032	0.7100
	(0.2624)	(0.0167)	(2.63e-04)	(0.1058)	(0.1970)	(0.1430)	(0.3252)	(0.0165)
Salepersons	-1.3684	-0.0274	1.44E-03	0.6473	(0.4585)	(0.9880)	-0.8152	0.5567
	(0.2657)	(0.0169)	(2.66e-04)	(0.1072)	(0.2021)	(0.1449)	(0.3318)	(0.0168)
Service workers	1.3238	0.0015	1.09E-03	0.6378	0.0932	-0.8871	-0.5203	0.4063
	(0.2598)	(0.0166)	(2.59e-04)	(0.1045)	(0.1938)	(0.1421)	(0.3205)	(0.0163)
Crafts, Operators and Labourers	1.6655	0.0606	-3.40E-04	0.8283	0.0937	-0.7450	-0.6305	0.3525
	(0.2593)	(0.0166)	(2.59e-04)	(0.1043)	(0.1933)	(0.1419)	(0.3201)	(0.0162)
Without Foreigners								
	Constant	Experience	Experience Square	China	Foreign	Married	Widowed/Separated	Year of Schooling
Managers and Administrators	-8.2294	0.1475	-1.51E-03	0.0358		-0.2608	-0.2124	1.0175
	(0.2869)	(0.0177)	(2.79e-04)	(0.1069)		(0.1510)	(0.3298)	(0.0175)
Professionals	-6.5476	0.0765	-5.60E-04	-0.1220		-0.9119	-0.8810	1.0417
	(0.2785)	(0.0175)	(2.76e-04)	(0.1063)		(0.1501)	(0.3288)	(0.0175)
Clerks	-2.2358	0.0126	8.56E-04	0.2494		-1.2614	-1.0657	0.7085
	(0.2774)	(0.0175)	(2.72e-04)	(0.1061)		(0.1501)	(0.3283)	(0.0174)
Salepersons	-1.1498	-0.0346	1.49E-03	0.6698		-1.0362	-0.8961	0.5467
	(0.2807)	(0.0176)	(2.75e-04)	(0.1075)		(0.1519)	(0.3352)	(0.0178)
Service workers	1.6069	-4.78E-03	1.12E-03	0.6552		-0.9405	-0.5988	0.3888
	(0.2747)	(0.0173)	(2.69e-04)	(0.1048)		(0.1492)	(0.3234)	(0.0172)
Crafts, Operators and Labourers	1.9540	5.31E-02	-2.80E-04	0.8502		-0.8106	-0.7190	0.3364
	(0.2743)	(0.0173)	(2.68e-04)	(0.1046)		(0.1489)	(0.3230)	(0.0171)

Appendix IV: Schedule of Framework Questions

A Schedule of Framework Questions on Equal Pay for Equal Work Value

Section A: General

1.) Does your company practise such a principle of equal pay for equal work in hiring and remunerating your staff?

2.) What is the main philosophy?

What are the key policies of implementing such a philosophy?

3.) Would your say and agree, as many people claim, that your company is the lead player or the benchmarking employer in this area?

4.) Do you think it is easier for corporate employers providing hospitality services / business and financial services / manufacturing products and goods to practise equal pay norms in their establishments?

What are these poineering and benchmarking lead establishments in equal pay practices?

Are they:-

i.) The civil service and public agencies?

ii.) The airlines and large transport companies?

iii.) The banks?

iv.) The company and high technology firms?

v.) Any others?

5.) Do you consider that such a principle of equal pay norm is widely accepted and endorsed by other employers in Hong Kong (in particular, the majority 'small and medium-sized enterprises')?

Section B: Practice of Equal Pay

1) The conventional practice in America, Britain, Europe and Australia (western industrial nations) is for the employer to adopt and carry out job evaluation (JE) in order to determine the relative worth and value of its jobs within the organizational hierarchy. This method enables the employer, as it has always been purported, to determine the relative worth of the jobs systematically. It is accepted as the standard way of assessing the job's value and hence internal pay relativities of the job holders, using a pre-determinated set of measurement criteria. Job evaluation hence helps to free and isolate pay actually handed to the individual employee from any subjective biases and prejudices - such as by reason by gender, disability, racial and other forms of discrimination.

   The Industrial Courts in Britain and European Union have accepted, as a benchmark test in legal suits and litigations, the practice of job evaluation (JE) on claims about discriminations and unfair pay lodged by the employees. In other words, the proper practice of job evaluation has been more or less established now as the standard defense by employers, if they are sued at courts, in western industrial nations for having been complying with the legal principle of equal pay (i.e. not having committed any discriminatory practices in pay).

2) With reference to the above brief, do you consider that your company is already qualified as a equal pay employer because you have been practising job evaluation (JE)?

3) Are you satisfied with the present system of job evaluation in your company?

   i) What are the main procedures involved?

   ii) What are the chief advantages?

   iii) What are the principal problems you have encountered in its practice?

   iv) Do you have any plans of reforming and re-structuring you job evaluation (JE) system?

   v) What are the responses of your staff towards your 'JE' practice and activities?

   vi) What are your managers' opinions towards your 'JE' practices and activities?

4) As a follow-up to 3) above, do you accept the argument advanced that job evaluation (JE) only helps companies to workout the standard pay by producing a standard pay scale. It cannot be used directly as a tool to determine and assess fair and equitable pay, because you need at the same time to consider the factor of performance as well? Afterall, is performance appraisal (PA) the key criterion in determining the actual pay and pay adjustments awarded to the individual?

5) Are you satisfied with your 'PA' system being now practised in your company?

   Are your staff satisfied with your PA system?

   Are you managers satisfied with your PA system?

6) What are the principal advantages of your PA system?

7) What are the main problems and difficulties you have experienced with your PA system?

8) Are your planning any major changes in your PA system?

   i) Is the present system too complex and time-consuming? Needs simplification?

   ii) Is the present system too crude and unreliable? Just like a piece of formality that needs better elaboration, strengthening and streamlining in order for it to work?

9) If your JE and PA systems, when being carried out together with full rigour, prove to be too time-consuming and costly in terms of resources and time spent by both the assessor(s) and assessed, do you think it is a strategic reform in human resource management to combine and integrate the two processes? Given a proper procedure in mapping and describing the duties, tasks and responsibilities of the individual, can you actually go directly to measuring performance and assessing competencies of the individual in order to determine the pay award to him / her? In other words, job evaluation can be side-stepped, by-passed or dropped. Can it? Should it?

10) Do you consider that the future trend of the standard practice in practising

equitable pay is to develop a satisfactory system of performance appraisal and need not to be bound too tightly by the rituals of job evaluation?

11) If job evaluation is going to be marginalised and performance appraisal is becoming increasingly a 'core' practice, do you think that the implementation of the principle of equal pay for equal worth is going to be made esaier?

Or it is going to be made more subjective, more fluid and more elastic, and less justifiable and defendable if the employers are challenged at court by their staff and employees for unfair and discriminatory pay treatment?

Section C: General and Legislative prospects

1) Do you think most employers in Hong Kong are aware of and actually practising, either formally or informally, already the principle of equal pay for equal worth?

2) Do you consider that they have the capabilities of carrying out a fair, workable and satisfactory system each of:-

   i) job evaluation (JE); and

   ii) performance appraisal (PA)?

3) Are these two processes, if to be carried out objectively, scientifically and with full rigour, too expensive for the average employers (small and medium-sized enterprises)?

   In term of:-

   i) time consumed;

   ii) availability of specialist expertise (for example, job evaluation specialist, performance appraisal specialist, the job evaluation committee, the trade unions and staff consultation, etc.);

   iii) creation of unnecessary and excessive rigidities in work processes, job transfer, job demarcation and reduction of flexibility in manpower deployment, etc.;

   iv) procurement of consultancy services, etc.; and

   v) any other additional constraints and problems?

4) Given these considerations about possible advantages and constraints and costs, would you recommend the government to legislate on equal pay on a basis comparable to western-style legislation in Britain and Western Europe?

   i) Advantages and costs to businesses (rationalising payment systems and strengthening incentives at work and performance; or conversely, inflexibilities and rigidities in work and business activities and decision-making)?

ii) Hidden legal costs of litigation expenses, if legislation may encourage and touch off an increasing number of claims lodged in court against employers for unfair and discriminatory pay?

5) If equal pay legislation is seen as not appropriate and timely for Hong Kong, what other alternatives are available for the administration to promote the cause of non-discrimination and equal pay at work?

i) Leaving arrangement and options open to voluntary practices and choices by employers?

ii) If so, desirability of any supplementary legal sanctions in backing up 'redress' and rectification of discriminatory practices?

Appendix V

Job Description Proforma and Job Grading System at Philips

PHILIPS ELECTRONICS CHINA GROUP
飛利浦電子中國集團
JOB DESCRIPTION
工作描述

Employee Name: **PD/Dept./JV:**
員工名稱： _____ **部門/合資廠：** _____

Position Title:
職位名稱： _____

Prepared by: **Date:**
撰寫人： _____ **日期：** _____
Name/Signature 姓名/簽署

Reviewed by: **Date:**
審定人： **日期：**
(HR Department)
(人力資源部) _____ _____
Name/Signature 姓名/簽署

Approved by: **Date:**
批核人： **日期：**
(Div/Dept./JV Head)
(部門/合資廠主管) _____ _____
Name/Signature 姓名/簽署

JOB PURPOSE 工作目的
One sentence which summarizes the job's purpose or role and why it exists in the organization.
以一句簡述工作的目的或角色及其在機構內的價值

DIMENSION 工作層面

(a) Number of subordinates 下屬人數
- Direct 直接 :
- Indirect 間接 :

(b) Individual annual budget 個人每年預算
- With direct influence 直接影響
  Sales target 銷售額:
  Expenses 開支: (Nature of expenses開支性質_____)
  Others 其他:

(c) Others (Please specify) 其他(請註明)

NATURE & SCOPE 工作性質及範圍

(a) Organizational structure 組織結構
(Please attach an updated organization chart of your team 請附上你所屬團隊的最新架構圖)

- Functionally reports to 功能匯報: (Please specify position title 請註明職位名稱)

- Operationally reports to 運作匯報:

- Position title of subordinates 下屬的崗位名稱

(b) Background information 背景資料 (Please describe the followings 請加以描述)

- Product/Service of your unit 部門的產品或服務類別

- Geographical coverage of the job 工作負責的地區

(c) Work relationships 工作關係

- Internal contacts within Philips 內部聯繫

Department部門 Position title職位名稱 Purpose of contacts聯繫目的

- External contacts with organizations outside Philips 外界聯繫

Organization機構名稱 Position title職位名稱 Purpose of contacts聯繫目的

NATURE & SCOPE 工作性質及範圍

(d) Decision-making authority 決策權 (e.g. approval limit, recommendation 如批核權限、建議範圍)

(e) Major challenges/difficulties 重大的挑戰或困難

(f) Job requirements 工作要求

- Academic/Professional qualification 學歷/專業資格

- Work experience 工作經驗

- Language ability 語言能力

- Frequency of travel 出差次數 (times per annum 每年平均次數)

- Computer literacy 電腦知識

- Others 其他

PRINCIPAL ACCOUNTABILITIES 主要職責 (Should be between 4 and 8 items ranked in order of importance 依重要性的主次列出四至八項)	
Accountabilities 職責	*Competence / Personal Attributes required 所需才能/個人特質

*** Definition of Competence** 才能定義

The abilities, skills, attitudes and beliefs critical for successfully performing the principal accountability generally described in behavioural terms.
在行爲上成功完成主要職責所需的能力、技巧、內涵及信念。

PHILIPS ELECTRONICS CHINA GROUP

JOB GRADING SYSTEM

Introduction

One of Philips' corporate directives is to recognise and value human resources as its greatest resource. In order t motivate, retain and develop our human resources, benchmarking against the world class companies in compensation and benefits practices is one of the most important tasks of Corporate Human Resources. Systematic job evaluation is the first essential step to establish these common references. Job evaluation using the HAY methodology is the most widely used and accepted system internationally, and has therefore been chosen to be the base of our grading system.

The Hay Job Evaluation Methodology

The term job evaluation refers to a formal procedure for hierarchically determining a set of jobs or positions in accordance with their value or worth. The Hay Method, after evaluating each job in terms of the following:-

- know-how
  - technical
  - management
  - human relations skills
- problem solving
  - thinking environment
  - thinking challenge
- accountability
  - freedom to act
  - magnitude
  - impact

assigns numerical scores for each of these three factors which, when adds up, will form the Hay score for the job. The structure of Philips Job Grading System is based on these Hay scores resulting from the job evaluation exercise.

The Job Grades & Job Titles

It is our aim to establish a uniform job grade and job title structure for Philips China which:

- is responsive to demands of business
- stimulate and simplifies regional mobility and interchangeability
- is consistent with corporate guidelines

The new Job Grade and Job Title Structure has become effective from April 1, 1997.

Specific salary ranges and benefits are established for each grade on the basis of comprehensive market surveys to ensure our competitiveness in the employment market. It is important to note that grades are associated with positions or jobs, not persons. Moreover, grading for each job may change as its job contents vary in scope and depth.

All staff should note that gradings and salary levels are confidential Company information, disclosure of which without proper authorization may lead to disciplinary actions. Please contact your department heads or Corporate Human Resources if you need further clarification.

飛利浦電子中國集團

職級制度

序言

「以人爲本」是飛利浦的重要方針及信念，我們一直將人力資源視爲集團最寶貴的資源之一。集團人力資源其中一項最重要的任務，是借鑒現時勞工市場上最具競爭能力和提供最合理的薪酬及福利的機構，進行比較及估量，從而制定一套完善的薪酬制度，以激勵、保留我們的員工，並且爲他們籌劃全盤的事業發展計劃。

要達到這個目的，首先必須建立一套周祥精密的職位評估系統。「曦士職位評估法」向爲國際認可的職位評核方法，並且應爲全球各大企業採用；我們以此爲基礎，制定一套適用於飛利浦的職級制度。

曦士職位評估法

所謂「職位評估」**(JOB EVALUATION)**，是指利用一套有系統的分析程序，來訂定各個職位的相對價值，然後依次排列成爲職位級別。飛利浦所採用的「曦士職位評估法」，乃是透過分析各個職位所需要具備的下列三方面能力，包括：

- 技術和知識
  - 專門技術
  - 管理技巧
  - 人際關係技巧
- 解決困難能力
  - 思維環境
  - 思維挑戰
- 職責
  - 自由度
  - 工作的寬度
  - 影響

以此計算出每個職位的曦士點數，排成職位層次，從而建立一套完善的職級制度。

職級及職銜

飛利浦在中國建立一套統一的職級及職銜制度，目的是：

- 配合業務的需要
- 加強人員的流動及調配
- 與總公司的體制一致

新的職級及職銜制度將於一九九七年四月一日正式生效。

經過全面的市場調查，我們爲各級職位，規劃了相應的薪酬幅度及員工福利，確保集團在勞工市場的競爭能力。我們特此強調，各個職級的訂定是以職位而非個人爲準。此外，倘若某一個職位的工作範圍有所改變，該職位的級別可能會作出相應的調整。

各位員工須特別注意，職級及薪酬均屬高度機密的資料，未經批準不可向他人透露，否則可能遭受紀律處分。如有任何垂詢，請聯絡所屬部門的主管或集團人力資源。

JOB GRADE SYSTEM

職級制度

JOB GRADE 職級	FUNCTION 功能
100 **90**	GENERAL MANAGEMENT 行政管理
80 **70** **60**	MANAGERIAL / SPECIALIST 管理 / 專家
50 **40** **30**	PROFESSIONAL / SUPERVISORY 專業 / 督導
20 **10**	GENERAL SUPPORT 一般事務

Appendix VI

Guidelines for Staff Appraisal at Cathay

Standard Setting Meeting

Standarss should be a continuing measure for monitoring acceptable progress and should reflect the expectations of the Company as a whole. **Standard Setting Meetins** are to determine and agree behaviours which demonstrate standards of expected performance. They are to ensure that managers are applying a common standrad and that people know what is expected of them. More detaled descriptions require less judgement or interpretation when assessing people's performance, but will not replace the managerial role, which is to make judgements.

The **standard performance** is the performance that the Company expects the majority of employees should meet time and again. Few would perform 'consistently above standard' and conversely few should perform 'consistently below standard'.

Before the meeting

The required outcome of the meetings is to establish agreed performance measures and examples of behaviours which support **Competencies**. It is important that managers understand their role in interpreting the Competencies in a way that is meningful for their people. They must develop a view about what each of the Competencies means to them and make a note of it. Then they need to think about what the performance of these practices look like **within their work environement**. There are 'Positive' and 'Negative' indicators for each of the Competencies available with the form. The managers needs to bring them **alive** in their department, to enable rating to be done effectively. The behaviours selected as evidence of performance must be **measurable**.

During the meeting

At the meeting, managers must ensure that everyone has an agreed understanding of the Competencies being examined. For each Competency, managers swill identify what it means for the people in the unit. They should use example of a few individuals who are known to 'perform well' and identify the behaviours these individuals actually do in carrying out that practice to meet the reuqired standard. These behaviours will describe '**Standard Performance'**. Similarly, managers will select a few individuals who perform a lot better than the required standard and describe the behaviours that bring about the '**Performance which is notably above standard**'. Finally they should consider individuals known to perform ineffectively and indentify

the behavours and gaps which lead to ineffective performance. These behaviours or gaps will describe '**Performance which is notably below standard**'.

Managers are advised to remember that the people they use as a benchmark will probably vary from one Competency to another. The meeting is about being objective. What contributes to that objectivity is using real examples of behaviour that meets the standard by people that the group know. So, when any individual consistently behaves as described, then that individual is performing at the required standard. To identify how the behaviours will be measured, managers need to think about how they are going to collect evidence, how often to collect it and what makes valid data. They also need to agree on what 'consistently' means in this context.

After the meeting

Managers will make sure that their staff knows and understands the Competencies and the required standards. They will need to manage the performance of their people in a way that reflects their agreement at the standard setting meeting and operate with a fair and consistent style.

Managers may never ignore unsatisfactory performance, and should instead identify what is not working and give feedback in a positive manner to encourage improvement. Conversely, they can always acknowledge and reinforce standard and above standard performance. Managing one's staff performance becomes part of the day to day management activity. The staff will start to learn and improve because they know what they are aiming for. Eventually, they will start to take responsibility for themselves and check their own performance.

The main aim of managing performance is to improve outcomes, both now and in the future.

Some ideas for performance measures

Customer/colleague feedback

Staff feedback

Staff turnover

The extent to which others seek out help and advice

Environmental

Complaints

Quality indicators

Timeliness

Setting Key Results Areas

Key Result Areas (KRAs) are those job activities which are rolled down form the top of the organisation and are considered **Key Company Goals** for the coming year. As KRAs move deeper into the organisation they become less organisational in nature and more personal. So the important elements are:

- They are top down
- They re interpreted so that they are specific to an individual
- They all help to provide an integrated contribution to the Company

Before the meeting

Managers will make sure to have a copy of the top level KRAs and the KRAs of all intermediate managers, so as to know and understand the top level KRAs and the contribution of the managers in their line. This enables managers to position their own KRAs and therefore those of their staff against the wider Company perspective. It is a good idea to put them into a tabular form. The action plan will undoubtedly include the contributions of their people and will need to be shared with them.

During the meeting

The meeting should take no more than 60 minutes. Managers will explain the function of KRAs, i.e., to ensure the success of the Company by enabling all to focus on KEY issues and to provide a clear picture of how each one contributes. Managers will explain the Company KRAs for the coming year and how the Section/Department KRAs contribute. Then, managers will discuss their own KRAs and objectives. Under each of their KRAs, managers will ask each individual to identify their contribution (KRA). This is a discussion allowing the individual to understand what is required and show willingness to make it happen. Managers must ensure that the Key Results Areas under discussion are owned by the individual. Once the individual KRAs have been developed, a more detailed phase follows to develop the associated objectives and identify what is going to be done, to what standard, under what conditions and how it will be measured.

Standards should be set as a continuing measure for judging acceptable progress and should reflect standards expected in the Company as a whole. Standards should leave room for individual improvement in terms of: quantity, quality, timeliness and cost.

Managers will write down the agreed KRAs, objectives, timing, quality and measures and will check that the individual understands and agrees the content.

Finally, the managers will produce an **Action Plan** and give the individual a copy and keep a copy in their files. Managers will ensure that the individual leaves the meeting in a positive frame of mind, and with a clear understanding of the expectation in outcome terms.

After the meeting

Managers will make sure that they will carry their own agreed action points and that the individual sees that happen. They will monitor the individual's progress against the Action Plan. And they will pay attention to any unsatisfactory performance.

Behavioural Indicators

Behavioural indicators are objective and based on behaviours that may be displayed by staff. The behaviours that reflect the core competencies and are used to measure staff performance are divided into four sections: Personal Skills, Service Delivery Skills, Managerial Skills and Supervisory Skills. Positive and negative indicators are listed in the booklet for each sub-skill, and are meant to be neither prescriptive nor exhaustive. Appraisers will need to balance what they see over a period of time and look for consistency of behaviour.

Personal Skills

Warmth and friendliness: Using expressions and actions that demonstrate care and interest for others.

Spontaneity: Responds naturally and without hesitation to others.

Reliability: Provides at least the minimum standard of service, every time.

Anticipation of needs: Understands and meets unstated needs.

Service Delivery

Teamwork: Enjoys working co-operatively with others.

Interactivity: Looks for and uses opportunities to learn from and respond to others.

Interpersonal sensitivity: Aware of other people and environment and own impact on these. Actions indicate a consideration for the feelings and needs of others (but not to be confused with sympathy).

Listening: Able to pick out and respond to important information.

Decisiveness: Ready to make decisions, state opinions, take action and commit themselves.

Contribution to continuous improvement: Always looking to improve the way things are done.

Stress tolerance: Maintains performance level under pressure.

Quality conscious: Ensures quality is delivered on time all the time.

Commitment: Belief in own job or role and its value to the organisation. Makes the extra effort for the company, though may not always be in own self interest. Setting of high goals or standards of performance for self, others and the organisation. Dissatisfied with average performance.

Supervisory Skills

Coaching and motivating: Encourages and helps colleagues to achieve their best.

Written and oral communication: Ability to express ideas orally or in writing, in such a way as to be clearly understood.

Problem solving: Effectively identifies problems and offers solutions.

Resource allocation: Ensures the correct manpower and goods are in place on time, every time.

Delegation: Effectively allocated decision making and other responsibilities.

Cost consciousness: Considers the costs incurred at work and seeks ways to work more cost effectively.

Managerial Skills

Leadership: Inspires real team spirit and shared vision, causing team to follow his/her lead. Effective allocation of decision making and other responsibilities.

Planning and organising: Establishes and appropriate course of action for self and/or others to accomplish a goal. Total task accomplishment through concern for all areas involved.

Written and oral communication: Ability to express ideas orally or in writing, in such a way as to be clearly understood. Ability to pick out important information when listening. Questioning and general reactions indicate 'active' listening. Sound and clear English.

People development: Develop the skills and competencies of the team through training and development activities.

Problem analysis: Effectiveness in seeking and evaluating pertinent information, recognising important information and identifying courses of action. An

unbiased, rational approach to find root causes and generate solutions.

Empowerment: Gives authority and responsibility to others.

Financial awareness: Considers financial implications when making big decisions.

Progress Reviews Meetings

A **Progress Review Meeting** is any meeting that takes place between a manager and an individual member of the team. This ranges from an informal discussion at the work place through to a formal one-to-one meeting in private.

The key to good Performance Management is **immediacy**: feedback must be given then and there, not stored up for the formal meeting. The formal meeting is to review the incident and learn from it.

Before the meeting

Managers need to prepare for the meeting by reviewing notes of the previous meting and ensure they have completed their own agreed actions from that meeting. The meeting should have the following characteristics:

Consistent: Each member of staff should experience a similar type of meeting each time they meet with their manager.

Structured but relaxed: The meeting should have a structure but be flexible and prepared to change the order or emphasis to allow for the unexpected.

Open, two-way flow of information.

Aiming to encourage and acknowledge initiative.

Addressing any failure positively.

Honest and supportive.

Encouraging the individual to think and explore solutions.

Seeking agreement, not to impose.

During the meeting

The manger's aim is to seek information, set targets, and measure achievements. Their first task is to review their own action points from the last meeting, as well as those of the individual being reviewed. Reasons for non-achievement and requirements for improvements need to be fully understood. Managers should find out how the individuals think they are doing in performance

terms and tell them their own views on their performance. They will then agree on how an individual can develop in a particular area of concern. The managers will agree as to what they will do to support their staff member. Then they will review the agreed action points and record them. The agreed action plan will note specific actions and the date by which they will be complete. This includes specification of how success will be measured and to what standard. Meetings must never end on low note. Even after a poor assessment, individuals should be helped to see the weakness from the perspective of their strengths.

After the meeting

Managers must make sure that they carry out their agreed action points and that the individual sees that happen. They will also monitor the individuals' progress against the Action Plan.

Some useful examples

KRA	OBJECTIVE OUTCOME	TIME FRAME	RESOURCES	STANDARD
Invoices through the system quicker	The number of invoices processed is a minimum of 1500 per day	This will be achieved by end December 199__	The current account cost for the department will not increase above 2%	There will be no increase in returned invoices from the current….
Improve (Seatfill) pax load factor	To increase load factor for 'x' route by 5%	by end August 199_	Within current budget	The average load factor on xx route will be y%
Reduction of errors	To reduce the number of double seating errors at check in	by end September 199__	Within current budget	The number of double seating errors at check in will be less than x per 1000 pax
Improved communication	To improve Telephone techniques	by end September 199__	Increase in budget not more than 0.5% of total spend on training for the department	All calls answered within three rings. All messages taken will include; date, time of call, name and number and the nature of the call.

Appendix VII

Performance Appraisal at Philips

1. Policy

1.1. A clear and consistent evaluation of employees is one of the most effective management practices to help managers to achieve business objectives.

1.2. A uniform and company wide performance appraisal system can improve the quality of the performance assessment and provide objective and comparable data that can be exchanged between the line managers and Corporate Human Resources. It improves and facilities communication regarding the performance of managers and employees. The system also facilitates control of the performance appraisal process.

1.3. The procedures should provide benefits for all concerned:

1.3.1. Appraisees
Appraisees can participate in an increasingly open review process, discuss with their appraisers about their performance and objectives, and understand more clearly what our Company expects of them.

1.3.2. Appraisers
Appraisers will have a sound basis in which to make performance assessments and a helpful framework within which to discuss the training and development needs of their appraisees. The procedures enable appraisers to take into account the appraisees' views on performance and objectives.

1.3.3. Company
Our company can achieve improved performance of employees. The appraisal outcomes also form a sound basis for maangement development.

2. Procedures

2.1. Beginning-of-the-year

2.1.1. Corporate Human Resources will send blank Performance Appraisal Forms to respective department heads.

2.1.2. The appraiser and the appraisee, before the end of the first quarter, have to agree and record Part 1 of the form, i.e., "Performance Against Key Areas of Responsibility" - the key areas of

responsibility that are ongoing and inherent in the position. They will then define and set objectives (preferably four objectives) under Part 3, i.e., "Performance Against Objectives for Period under Review". These objectives should be related to priority projects / activities that are usually short-term in scope but within the "key areas of responsibility". The agreed objectives are to be set in a "SMART" way:
Specific in area
Measurable and appropriate
Achievable and demanding
Relevant and realistic
Time-related (time-frame to be achieved)

2.1.3. Upon completion, the appraiser and the appraisee should initial at the end of each part as a mutual understanding of what has been agreed in the discussion.

2.1.4. The appraiser should keep the original Performance Appraisal Form and give the appraisee a photocopy of the Form for reference.

2.1.5. The appraiser should send a photocopy of the Form to the Corporate Human Resources for record and reference.

2.2. During the Year

2.2.1. New Hires (in the first week of reporting for duty)

2.2.2. New Hires (on completion of the probation period)

2.2.3. Transfer / Promotion
The appraiser and the appraisee (one calendar week before the date of transfer / promotion) have to review and complete the Performance Appraisal Form for the period covered and forward the Form to Corporate Human Resources for future action. Corporate Human Resources will review the completed Performance Appraisal Form and forward it to the appraisee's new appraiser together with a blank Performance Appraisal Form that should be completed as described before.

2.3. Mid-year

2.3.1. Corporate Human Resources will send courtesy reminders to respective department heads on/before mid-June for mid-year performance review.

2.3.2. The appraiser and the appraisee should review and discuss

performance and progress against the 'key areas of responsibility' under Part 1, "Performance Against Key Areas of Responsibility".

2.3.3. The appraiser should provide counselling or coaching when necessary, review and discuss the objectives in Part 3, "Performance Against Objectives for Period Under Review", and revise if necessary due to changes in internal and external circumstances.

2.3.4. The appraiser will then record the agreed new or modified objectives in Part 4, "New/Changed Objectives for Next Period".

2.3.5. Any changes, additions or deletions of objectives recorded in the Performance Appraisal Form should be copied to Corporate Human Resource.

2.4. End of Year

2.4.1. Corporate Human Resource will inform respective department heads the target date for year-end review of performance. The appraiser should give the appriasee adequate time to prepare for the appraisal discussion. The appraiser and the appraisee should then separately complete the Forms as much as possible. The appraiser will then arrange a review meeting with the appraisee in private.

2.4.2. The appraiser will review the Performance Appraisal through personal feedback, support and encouragement, by completing parts 1-6 of the Form:

2.4.2.1. Part 1: PERFORMANCE AGAINST KEY AREAS OF RESPONSIBILITY

The appraiser will comment on the results of the appraisee's achievements and performance against each key result area and record them on the right hand side under "Results and Comments".

2.4.2.2. Part 2: PERSONAL EFFECTIVENESS IN THE JOB

The appraiser will give feedback on the strengths which the appraisee brings to the job and examine limitations which may require attention. The performance ratings of personal effectiveness will be recorded on the right hand side.

2.4.2.3. Part 3: PERFORMANCE AGAINST OBJECTIVES FOR PERIOD UNDER REVIEW

The appraiser and the appraisee will discuss and review the reasons for success or failure and note any special achievement not originally planned on the right hand side of this part.

2.4.2.4. Part 4: NEW/CHANGED OBJECTVIES FOR NEXT PERIOD

The appraiser and the appraisee will discuss, agree and record new objectives for next period in this part.

2.4.2.5. Part 5: OVERALL VIEW OF PERFORMANCE

This is for recording the overall performance rating and the assessment in terms of the trend in performance.

2.4.2.6. Part 6: APPRAISAL OUTCOME

The appraiser and the appraisee will discuss issues with regard to constraints to effective performance. They will review the required supporting actions to achieve next year's objectives. They will discuss the areas for improvement and jointly develop improvement actions, training and career development opportunities. The training plan for the coming year and any differences of opinion will then be recorded.

2.4.3. The final version of the Form will be completed and signed by both the appraiser and the appraisee with the date at the end of the discussion.

2.4.4. The appraiser should forward the completed Form to the next higher level for endorsement.

2.4.5. After obtaining the higher level's signature, the appraiser should take two photocopies for following-up, one for the appraisee and another for the appraiser.

2.4.6. The completed and signed original Performance Appraisal Form should be forwarded by the appraiser to Corporate Human Resources on or before the target date prescribed.

2.4.7. Corporate Human Resources will process the completed Performance Appraisal Forms for respective actions:
salary
bonus
transfer
promotion
placement, etc.

2.4.8. Corporate Human Resources will also review the area of "Training for Improvement and Career Development" and structure training and development programmes to meet the generic needs wherever possible.

2.4.9. Corporate Human Resources will work closely with concerned line management to structure individual aspirations for career development appropriate to the business development of the company.

2.4.10. At the same time, Corporate Human Resources will identify high potentials for succession planning to key management positions in the Company. Corporate Human Resources will support management in implementing the Management Development Programme in line with the business and organisation development of the Company.

機密
STRICTLY CONFIDENTIAL

工作表現評估表

Performance Appraisal

被評估者 Appraisee:	飛利浦電子中國集團 PHILIPS ELECTRONICS CHINA GROUP
崗位 Job Title:	工作地區 Country:
級別 Grade / Level:	部門 Division / Department:
受僱日期 Date Joined:	小組 Section / Unit:
考評期 Period Covered:	評估者 Appraiser:

1. 主要責任範疇內的工作表現 1. PERFORMANCE AGAINST KEY AREAS OF RESPONSIBILITY	
主要責任範疇 Key areas of responsibility	結果和評述 Results and comments

2. 個人工作效績 2. PERSONAL EFFECTIVENESS IN THE JOB					
	低於可接受的水平 less than acceptable	可以接受 acceptable	良好 good	優良 very good	優秀 excellent
客戶滿意程度 能預測內外客戶的需求，並主動和迅速地作出適當回應。 主動提出建議並積極參與改善客戶服務質量的活動。 CUSTOMER SATISFACTION Anticipates and responds actively and sensitively in meeting the needs of internal and external customers. Initiates / participates actively in customer satisfaction improvement actions.	☐	☐	☐ 評述 comments	☐	☐
個人質素 在工作上表現出對質素的重視。認識個人貢獻對別人的重要性。准確、徹底及准時完成工作，並能達到標準。 PERSONAL QUALITY Demonstrates a commitment to quality in own work. Recognises that own output is another's input. Completes assignments in an accurate, thorough and timely manner. Produces work that meets standards.	☐	☐	☐ 評述 comments	☐	☐
個人效率 有效地安排和運用時間及其它資源。完成目標，並不斷求進取。 PERSONAL PRODUCTIVITY Organises and applies time and other resources effectively. Achieves objectives and improves output on a continuing basis.	☐	☐	☐ 評述 comments	☐	☐
創新與應變 提出並推行創新的工作方法。爲達成目標而敢於探索、敢於冒險，但不魯莽行事。能預料事的變化，在不穩定的處境下，發揮領導能力，能在 xx 息萬變的環境中，應變有度。 INNOVATION AND CHANGE Generates and implements innovative solutions. Takes sensible risks to achieve goals. Anticipates, steers or adapts to rapidly changing situations as appropriate.	☐	☐	☐ 評述 comments	☐	☐
群策群力 在群體工作過程中，以互相合作和互相交流的精神投入工作。 TEAMWORK Establishes and/or contributes to cooperative and productive interaction in team working situations.	☐	☐	☐ 評述 comments	☐	☐
語言溝通能力 在面對個人或群體時，都能清楚、有條不紊並且准確地表達意思。語言內容能配合聽眾或讀者的水平。 COMMUNICATION Communicates with clarity, structure and conciseness in both one to one and group situations. Gears presentation to level of listener or reader.	☐	☐	☐ 評述 comments	☐	☐
領導才能 以坦誠、信任和有效的管理方法激勵和支持員工達到共同目標。事事以身作則。 LEADERSHIP Motivates and supports staff in the achievement of shared goals, demonstrating authority, integrity and credibility. Leads by example.	☐	☐	☐ 評述 comments	☐	☐
人事管理及發展 鼓勵並協助員工自我發展，以提高目前以至將來的工作效率。授權員工達成任務，並肯定員工的成就。對下屬的工作表現作恰如其分的評估。 PEOPLE MANAGEMENT / DEVELOPMENT Encourages and facilitates self development of staff, in terms of increased effectiveness in current job and further career prospects. Empowers and gives due recognition for achievement. Appraises own staff in a proper way.	☐	☐	☐ 評述 comments	☐	☐
其它(請詳細說明) OTHERS (please specify)	☐	☐	☐ 評述 comments	☐	☐

3. 考評期內工作目標的完成情況
3. PERFORMANCE AGAINST OBJECTIVES FOR PERIOD UNDER REVIEW

工作目標 OBJECTIVE	未達到目標 did not meet objective	達到或超過目標 met or exceeded objective	評述 COMMENTS
	☐	☐	
	☐	☐	
	☐	☐	
	☐	☐	
	☐	☐	

4. 下階段中新的 / 經修訂的工作目標
4. NEW / CHANGED OBJECTIVES FOR NEXT PERIOD

日期：
Date:

5. 工作表現總評
5. OVERALL VIEW OF PERFORMANCE

1 低於可接受的水平 less than acceptable ☐	2 可以接受 acceptable ☐	3 良好 good ☐	4 優良 very good ☐	5 優秀 excellent ☐

趨勢
TREND

退步 declining ☐	穩定 stable ☐	進步 improving ☐

6. 評估結果 6. APPRAISAL OUTCOMES	
任何其他方面的評述 ANY OTHER COMMENTS	擴充任何型的評述 Expand on any comments 記錄任何未涉及的因素 Note any factors not covered
在正常的考評日期之前是否需要進一步的考評？ Is further review needed earlier than the normal review date?	是/否 Yes/No 日期 Date:
關於工作改進和職業發展的培訓建議 TRAINING FOR IMPROVEMENT AND CAREER DEVELOPMENT	
對被評估者自我發展的見解 COMMENTS ON SELF DEVELOPMENT OF THE APPRAISEE	
被評估者的自我評述 APPRAISEE'S COMMENTS	
被評估者簽名 Appraisee's signature	日期 Date:
評估者簽名 Appraiser's signature	日期 Date:
部門經理簽名 Next Level manager's signature	日期 Date:
人力資源部經理簽名 H.R. Manager's signature	日期 Date:

- 評估結束，此表複印件由被評估者保存，原件交人力資源部備存

On completion, give a copy to the Appraisee and send the original to Human Resources Department

Research Brief

Feasibility Study on Equal Pay for Work of Equal Value

Background

In the Code of Practice on Employment under the Sex Discrimination Ordinance and the Disability Discrimination Ordinance, the Equal Opportunities Commission (EOC) has recommended that employers should maintain the principle of equal pay for equal work and are encouraged to progressively implement the principle of "equal pay for work of equal value".

It has been pointed out in overseas jurisdictions that the effect of segregation due to the undervaluing of female occupations is a major reason for the persistence of significant disparities in wage levels between men and women. To combat pay discrimination and segregation, some jurisdictions introduce the principle of equal pay for work of equal value.

The concept of equal pay for work of equal value means that where a woman undertakes work as demanding as a man's, even though the work is different, she should receive the same pay and benefits unless there is a non-discriminatory explanation for the differential.

During the two rounds of public consultation on the Codes of Practice on Employment, there was concern among employers about the feasibility of introducing equal pay for work of equal value in Hong Kong especially for small business. The EOC at its 6th meeting on November 6, 1996 has agreed to undertake a feasibility study on how this principle could be implemented.

Objective

The objective is to see how the principle of equal pay for work of equal value could be implemented in Hong Kong. The outcome of this study would assist the EOC to formulate its recommendations on this principle.

Project Proposal

Your institution is invited to submit a proposal detailing review of pervious research and literature on the topic, the design of the feasibility study, the work schedule of the study, as well as the qualification and experience of the personnel in charge of the project in general and in relation to the specific topic. The quotation of cost and method of payment should also be included.

Content Areas

The study should address the following issues:

1. What are the key methods in assessing equal pay for work of equal value and in determining equal value of different jobs in overseas jurisdictions?
2. What are the costs, reliability, effectiveness, advantages and disadvantages of these methods?
3. Are these methods applicable to Hong Kong given the local employment and gender pay gap situation?
4. What conditions and methods are required for the implementation of equal pay for work of equal value in Hong Kong?
5. What should be the time frame for implementation?
6. What are the costs and side effects involved?
7. What are the alternative options to enhance pay equity and reduce job segregation?

Appointment of Research Team

It is proposed that a local research team consisting of economics and/or management experts be appointed to take up this study. In view of the lack of local experience in this area, the local team may also invite overseas experts to participate in the study.

Specification of Services

(i) Detailed reports of the research progress should be prepared and submitted to the EOC on a quarterly basis.

(ii) A full report in English and Chinese should be produced. At least five copies and a computer diskette of the report should be forwarded to the EOC.

(iii) A validated and clean data file in ASCII format on computer diskettes should be forwarded to the EOC.

(iv) An oral presentation of the results should be arranged.

Timing

The project should commence in March 1997 and be completed by the end of February, 1998.

Proposal format

Please send the proposal in a diskette form as well as in a hard copy to facilitate reading by EOC members.