

Sex discrimination in selection and compensation in Taiwan

Chieh-Chen Bowen

Abstract This article describes the current status of women in the workplace in Taiwan. Statistical evidence shows sex segregation in the labour market. Discriminatory practices in the hiring process are documented via a content analysis of 7,037 classified ads. Overtly discriminatory actions, such as blatantly stated gender requirements in the classified ads, are shown to be still common in hiring practices. Census data on a gender gap in compensation shows that women in Taiwan evidently get less pay than men do for the same work. The ratio of female to male employees is significantly and negatively correlated with the ratio of female to male in pay. The higher the percentages of women in an industry, the lower the pay women get compared to men. Also, the ratio of female to male in pay is negatively related to the turnover rate. Companies that pay women fairly tend to enjoy lower turnover rates. The implications of these women's issues in human resource management in Taiwan are presented.

Keywords Sex discrimination; selection; compensation; Taiwan; women's status.

Taiwan often does not show up in official international documents, largely because China claims Taiwan as a part of its territory and does its best to keep Taiwan out of the international spotlight. Taiwan's lack of diplomatic recognition has caused it no obvious harm – indeed, it is thriving. Taiwan has in many respects emerged quietly as a model nation by Asian standards: democratic, economically stable, relatively uncorrupt and largely committed to free-market principles ('Survey Taiwan', 1998). Despite the economic growth, progress in women's status in Taiwan's workplace has not kept pace. Accordingly, this paper argues against the current discriminatory practices to demonstrate that disparate treatment of women leads to a huge waste of human capital. These arguments not only translate into useful employment policy for international corporations looking for opportunities in Taiwan, but also shed light on some difficult human resource problems for local firms.

Women's status in Taiwan

Women's status in Taiwan can be understood only in light of an appreciation of the larger historical, cultural, social and legal contexts in which they live. Historically, Taiwan has always been a conservative Chinese society. 'Chinese' is defined here by culture not by territory.

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Historical background of Taiwan

Taiwan separated from Mainland China during the civil war between the Communist Party and National Party in 1949. It was totally untouched during the destructive Cultural Revolution (1966–78), thus preserving most of the Chinese culture. Throughout the twentieth century, there has been a unique and interesting cultural blending of Japanese and Western influence. The Japanese influence started during the fifty years (1895–1945) of Japanese occupation. Later, starting in the 1970s, an increasingly strong Western influence began as US-educated PhDs returned to Taiwan and assumed important positions in the society. Consequently, today Taiwanese society retains a clear sense of tradition but is aware of and open to what is going on in other parts of the world (Copper, 1999).

Cultural structure of Taiwan

The social structure of Taiwan is traditional, patriarchal and patrilineal (Copper, 1999). Only males are heirs; female children are seen as only a temporary part of family until they are married. 'Male superior and female inferior' is imprinted in Taiwanese people's mind and maintained by the common practice of a woman marrying a husband who is more educated and has a higher income than herself. Thus, regardless of one's social status, one sees evidence to support 'male superior and female inferior' within one's own family. This male-centred view leads to favouritism of boys. Advanced medical procedures are used to determine the sex of the foetus before birth. This trend, combined with legalized abortion, results in more aborted female foetuses, which has led to an artificially high male-to-female live birth ratio of roughly 110 to 100 over the last decade (*Monthly Bulletin of Statistics of the Republic of China*, 2001). The favouring of boys is initiated even before a baby is born.

The family structure begins with a marriage. The marriage bonds two families, not just two individuals. The bride becomes a brand new member of the groom's family. The authority in the family is maintained by three factors: generation, gender and age. Children are taught to obey their parents, wives to defer to their husbands and the young to respect the elderly. Thus a young married woman has traditionally held the lowest status in her husband's family. A woman is expected to be subservient to her husband and to the elders in his family. She loses her personal identity the day she joins his family. Her career is likely to be interrupted either by the marriage or by having babies. She is expected to have the main, if not sole, responsibility for raising children and taking care of the elders. However, in the past decade, largely as a consequence of increasing Western influence, new definitions of women's roles have developed. More women have started to receive higher education, join the workforce and become financially independent (*Yearbook*, 1999).

Social changes in Taiwan

Since Western influence began in the 1970s, important social changes have included a decline in the birth rate, an ageing population, an increase in the female share of employment and an increased enrolment in higher education (*Yearbook*, 1999). The birth rate has declined from 1.57 per cent in 1989 to 1.29 per cent in 1999. The percentage of the population aged 0–14 has declined from 27.5 to 21.4 per cent, while the percentage of the population aged 65 and over has increased from 6 to 8.4 per cent. The male labour participation rate has dropped from 77.2 to 69.9 per cent, while the female labour participation rate has increased from 37.1 per cent to 46 per cent during the same period.

Enrolment in higher education has increased from 428,576 in 1985 to 994,283 in 1999. This reflects a 131 per cent increase in enrolment over the past fifteen years. These changes have made huge impacts on the workforce. A low birth rate, an aging population and increased enrolment in higher education have all led to a shortage of available labour force. The shortage of labour, combined with the increased female labour participation rate, has heightened awareness of unfair treatment of women in the workplace. The female labour participation rate in Taiwan has steadily risen over the 1990s, reaching 46.25 per cent in 2001 (see Figure 1). Though this is a record high for Taiwan, in light of the female labour participation rate in the United States (60 per cent) and Sweden (58.5 per cent), there is arguably still room for a lot more women to join the labour force ('International comparison of foreign labour statistics', 2001). The low female labour participation rate in Taiwan is mainly attributable to women quitting their jobs after getting married or having babies. Based on an official survey conducted by the Taiwanese government in 2000, 36 per cent of married women aged 15 to 64 quit their jobs voluntarily or involuntarily after marriage and 24.4 per cent quit to have their first baby (*Women's Marriage, Family and Employment Survey*, 2001). Typically, women are viewed as a temporary and marginal labour force. They are the last to get hired and the first to be let go.

Legal system in Taiwan

The Constitution The Constitution promises that every citizen shall be treated equally under the law. However, the Constitution provides only general principles. It has little to do with how society actually functions on a daily basis. The Constitution, without the execution of practical laws and regulations, is only a de-clawed and toothless tiger.

The Family Law of the Civil Code The current Family Law, which regulates relationships in marriage and in the family, was first passed in 1930. Even now, patriarchal ideology continues to influence the family. There are four current laws keeping the existing patriarchy solid (*The Report on Women's Status in Taiwan*, 1998):

- 1 The wife has to live where her husband lives.
- 2 The children shall inherit their father's family name.
- 3 When parents disagree with each other on disciplining their children, the father has the final decision.
- 4 The husband has the right to manage all the property in the marriage, and can override any of his wife's decisions.

These regulations basically side with the husband when conflicts arise between the couple concerning choosing family name, residence, property management and children's custody. The Family Law fails to treat men and women equally as promised by the Constitution.

The Citizenship Law Another obvious gender discrepancy lies in the legal status of foreign spouses. Many women married to foreigners reported that their husbands had a more difficult time obtaining residency than did the foreign wives of male citizens ('Country reports on human rights practices for 1999: Taiwan', 2000). Foreign women who marry Taiwanese men will automatically be granted citizenship through the marriage. However, foreign husbands who marry Taiwanese women will need to apply for temporary visas that allow them to stay in Taiwan for six months at a time. They are allowed to apply for permanent residency after residing in Taiwan for five years. The Citizenship Law continues to stipulate that the transmission of citizenship may occur

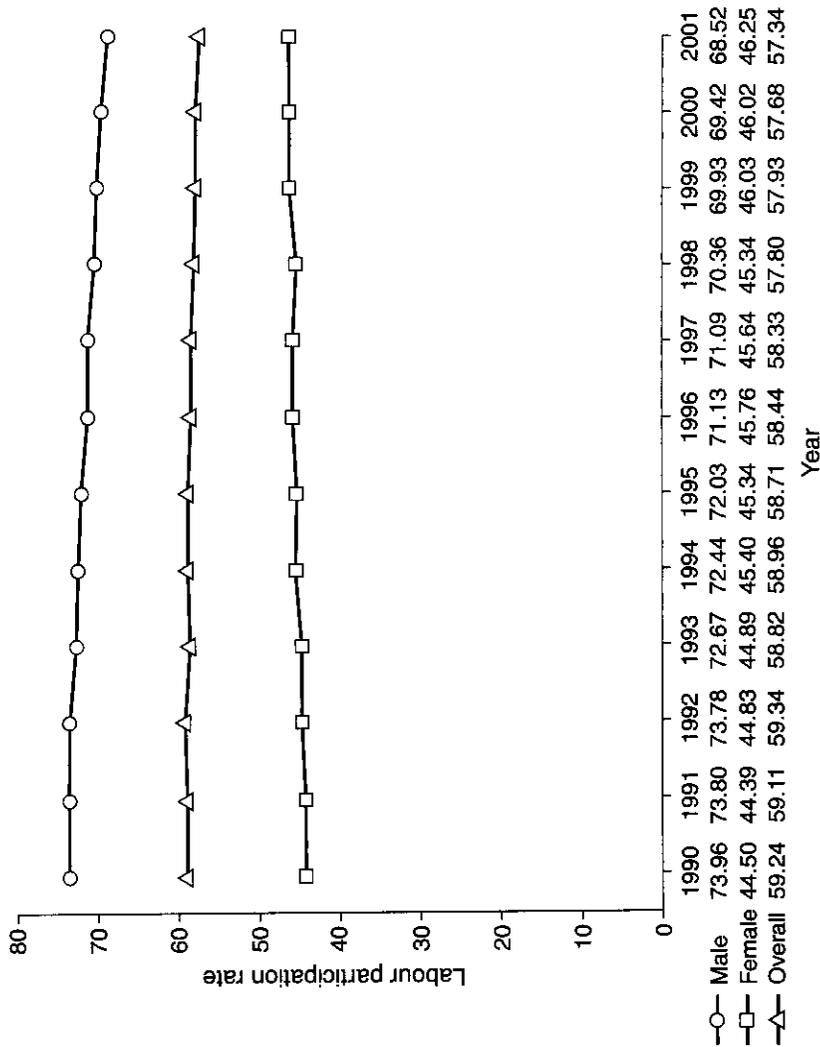


Figure 1 *Labour participation rate in Taiwan*

exclusively through the father. A citizen mother with a foreign husband thus cannot apply for a Taiwan passport for her child ('Country reports on human rights practices for 1999: Taiwan', 2000). The lopsided Citizenship Law largely reflects the family tradition in which a woman is seen as only a temporary member of her family until she gets married and joins her husband's family. Once married to a foreigner, a Taiwanese woman is no longer seen as a member of the society; thus her husband could not be automatically granted citizenship based on the marriage. The Citizenship Law strongly discourages Taiwanese women from marrying foreigners. Based on the census data, 1,788 women and 8,625 men married foreigners in 1998. This number increased by about 9 per cent to 1,953 for women but jumped 47 per cent to 12,717 for men in 1999 (*National Statistics of Taiwan*, 2001).

The Labour Laws Labour Laws provide two kinds of protection for women in the workplace: anti-discrimination and maternity protection. The anti-discrimination law states the ideal of equal opportunities and equal pay for women. The maternity protection law states the rights of a pregnant employee: employers should adjust the working conditions (i.e. hours and tasks) to accommodate a pregnant employee's needs and also provide twelve weeks' paid maternity leave.

These regulations are sound on paper but not in practice. Employers view paid maternity leave primarily as a costly proposition. One of the most common practices to avoid such expenses is to force single female applicants to sign a contract stating they will 'voluntarily' leave the company after they get married or pregnant. Even when the company gets caught in this notorious practice, the government can only fine the company a once-off penalty of NT3,000, which is less than US \$100 under the current exchange rate (*The Report on Women's Status in Taiwan*, 1998). Such a puny penalty can hardly have any effect on the companies that choose to ignore or intentionally violate the Labour Laws.

Sex segregation in the Taiwanese workforce

When these deeply rooted patriarchal traditions are combined with the lack of forceful protection from the legal system, women's issues figure prominently in the Taiwanese workplace. Gender is a major factor in decisions concerning the division of labour both within and outside the family. Currently, there are no equal employment laws and enforcement of currently existing laws supposedly guarding against sex discrimination remains a problem. Labour laws provide for maternity leave, but employers do not always grant it. Women complain of being forced to quit jobs due to marriage, age or pregnancy. Women also complain of less frequent promotions and lower salaries than their male counterparts, although the Labour Standards Law prohibits gender-based differences in wages ('Country reports on human rights practices for 1999: Taiwan', 2000).

Sex segregation in the workplace has a negative impact on women's wages and future career prospects. Both horizontal and vertical segregation exists in Taiwan. Horizontal segregation means women and men have access to different industrial sectors in the job market and vertical segregation means a distinction in the kinds of jobs that women and men do in terms of their prestige, status and salary level (Gonas, 1999). Moreover, the degree of segregation depends on the unit of analysis: work activities within a job, job titles within an organization, firms within an industry or industries within the economy. As a rule, the smaller the unit examined, the higher the level of segregation observed (Jacobs, 1996). But, even from the largest conventional labour market unit, the industry, there are clear patterns of horizontal sex segregation. Women are heavily concentrated in finance and community services but rarely seen in the electricity, construction and transportation industries (see Table 1).

Table 1 Ratios of female to male employees by industry and year

Year	Manufacturing	Electricity	Construction	Transportation	Finance	Business services	Community Services services
1982	.96	.14	.17	.28	0.78	.48	1.08
1983	.96	.14	.17	.29	0.82	.51	1.08
1984	.93	.14	.15	.29	0.89	.52	1.13
1985	.91	.14	.15	.28	0.94	.59	1.14
1986	.90	.14	.15	.28	0.99	.66	1.19
1987	.88	.13	.15	.27	1.06	.72	1.19
1988	.87	.13	.17	.29	1.16	.72	1.17
1989	.85	.14	.18	.30	1.26	.75	1.15
1990	.82	.15	.19	.32	1.37	.80	1.17
1991	.81	.15	.19	.32	1.33	.82	1.17
1992	.79	.16	.19	.34	1.27	.82	1.18
1993	.77	.16	.20	.35	1.22	.82	1.22
1994	.75	.16	.20	.36	1.22	.86	1.27
1995	.74	.17	.19	.36	1.24	.92	1.29
1996	.72	.17	.19	.36	1.26	.92	1.33
1997	.72	.17	.19	.36	1.29	.92	1.33
1998	.71	.17	.19	.36	1.37	.97	1.36
1999	.70	.17	.19	.36	1.39	.98	1.38

Source: Directorate-General of Budget, Account and Statistics, Executive Yuan, Taiwan. Raw data are available at <http://140.129.146.192/earning/ht456e.asp> as a searchable database.

Note

In this table, categories of industry follow the standard industrial classification. Electricity stands for electricity, water and gas; transportation stands for transport, storage and communication; finance stands for finance, insurance and real estate; business services stands for legal and accounting services; Community stands for community, social and personal services; and services stands for retail trade and eating and drinking places.

Figure 2 demonstrates persistent vertical sex segregation by occupation: many women have been concentrated in clerical positions and few women in administrative ones over the past two decades. Women are less likely than men to get senior positions in organizations. Women are severely under-represented among administrators and executives. Over these twenty-two years, the percentages of women in this category have varied between 10 and 15 per cent, a point indicative of a 'glass ceiling'. The glass ceiling is a barrier so subtle that it is transparent, yet so strong that it prevents women from moving up in the management hierarchy (Morrison and Von Glinow, 1990). However, over the same period, women's representation in the professions (e.g. as teachers, nurses or engineers) grew from 41.2 per cent in 1978 to 51.7 per cent in 1999. Also, women's representation among clerical workers grew significantly from 54.4 per cent to 76.1 per cent during the same period. Women workers have made significant gains in service industries, such as retail sales, from 36.7 per cent in 1978 to 53.7 per cent in 1999. The slight decline in women's representation in production, as machine operators or assembly line workers and so on, is partially attributable to the fact that many manufacturers moved their production plants to Mainland China or Southeast Asia for the cheaper labour and land available there. In this regard, the out-migration of labour-intensive industry also accounts for the overall decline in the total percentage of the labour force in production (from 42.04 in 1978 to 37.23 in 1997) (*Yearbook*, 1999).

The traditional gender stereotypes manifest themselves in vertical and horizontal segregation in which women are concentrated in the service industry and in non-decision-making positions, while men make up the majority of the physical and mechanical labourers in the electronics, construction and transportation industries and in senior administrative positions. While the above figures demonstrate the existence of sex segregation in the Taiwanese workforce, readers are cautioned to interpret gross percentage figures thoughtfully. Even though the census provides the best and most reliable data available, it does not fully document and describe the extent of such segregation. For example, while the category of 'professional' includes physicians, professors and other high-pay, high-status jobs, it also includes teachers and nurses, in which categories a disproportionately large number of women are found. Similarly, although the overwhelming majority of primary and secondary school teachers are women, college and university professors are still primarily men. This is, of course, merely to restate the generally recognized trend for women to be located at the lower end within one category, with less pay, less responsibility and less job security. But the point is that while this trend is not fully documented in the census, it nevertheless provides irrefutable evidence that at some level sex segregation in the Taiwanese workforce exists.¹

The mere existence of sex segregation raises the question of its origin. The answer to this question is a necessary precursor to the development of appropriate human resource management policy. Accordingly, the possible explanations for the sex segregation demonstrated include discrimination in the hiring process, stereotypical perception of gender differences and gender differences in educational preparation and employment opportunities, each of which would carry different implications for policy.

Sex discrimination in the hiring process

The hiring process is the first step in getting access into the workplace. Inequality of employment opportunities forecasts other forms of disparate treatment for women in the workplace. Here are some direct quotes from classified advertisements in the most popular English newspapers in Taiwan.

LEADING MANUFACTURE & EXPORTER

Merchandise Assistant

We are seeking to employ a foreigner to handle exportation.

- *Female, under age of 35*
- 1 year experienced in export field (without working experience is available)
- Aggressive personality and team work spirit

We offer a strong commitment to training & development of our staff and attractive salary packages and benefits are offered to attract the best applicants.

Source: The China News, 1 January 1999 (emphasis added)

FEMALE AFFAIRS AND FINANCE ASSISTANT & MALE SALES REPRESENTATIVE

- Be good at speaking and writing English & German
- Able to reside in Dusseldorf, Germany
- Female assistant also needs to be familiar in Microsoft Word & Excel program

If Interested, please send your resume, autobiography, expected salary and send to ***.

Source: The China News, 2 January 1999 (emphasis added)

Secretary Wanted for Trading Company

- *Female-Overseas Chinese*
- Willing to work full-time
- Average Chinese speaking ability
- Knowledgeable with computer operation especially with Microsoft Word
- Fast typing ability is a must
- Experience in sales/trading is a big plus

Must be hardworking and willing to learn

Source: The China News, 29 March 1999 (emphasis added)

Classified ads such as these, specifying a particular sex as one of the job requirements, can still be seen almost every day in most Taiwanese newspapers printed in Chinese or English. It is not uncommon for companies to offer different positions based on sex. For example, male college graduates with a major in engineering would get a job as *assistant engineers*, while their female counterparts as *engineer's assistants*. In the United States, hiring decisions on the basis of sex violates Title VII of the Civil Rights Act of 1964. Such hiring practices are strictly prohibited by law and, were they to occur, would be severely punished. Unfortunately, such a law still does not exist in Taiwan. Although, as was mentioned above, the Constitution in Taiwan allegedly protects equal rights for every citizen, it imposes no penalties for sexually discriminatory hiring practices. Sadly, discriminatory hiring practices are ignored by laws and normalized, even institutionalized by society.

To illustrate that blatantly discriminatory classified ads are more of a rule than an exception, I conducted a content analysis of 7,037 classified ads for full-time positions

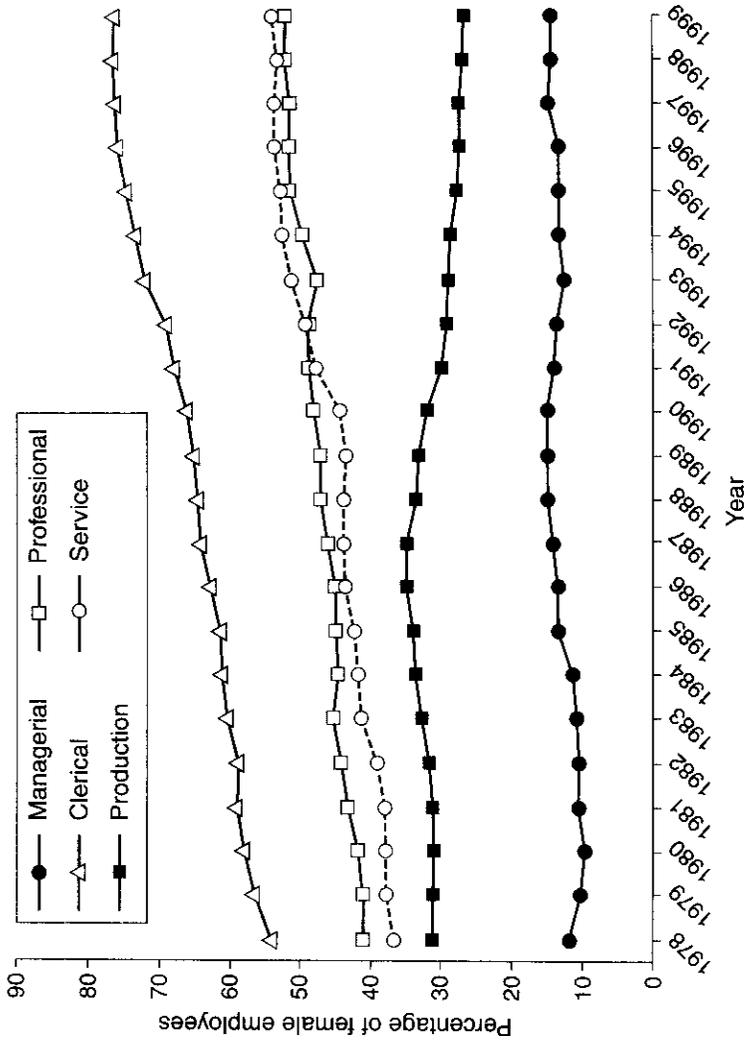


Figure 2 Changes in percentage of female workers by job categories in two decades

published in the top three newspapers with highest circulation. The ads were taken from Sunday newspapers over the course of two months. Forty-one per cent of the classified ads still had blatantly discriminatory content specifying male only or female only as one of qualifications for their positions. Males were wanted more frequently for professional and managerial positions and females were wanted more frequently as clerks and service workers ($\chi^2 = 751.26, p < .000$, see Table 2). Job advertisements thus clearly send out messages that segregate the labour market. Male applicants are wanted in administrative, professional and managerial positions requiring leadership skills, professional training and technical skills. In contrast, female applicants are wanted for jobs requiring clerical skills and even attractive physical appearance. Thus, despite the draft Equal Employment for Both Sexes Act designed to prevent sex discrimination in hiring, promotion and compensation, currently sidetracked by the Taiwanese legislature, sex discrimination in hiring is still very much a reality.

Stereotypical perception of gender differences

Stereotypical perceptions of gender differences in competence, commitment and work attitudes – particularly those held by males, who are predominantly the managers making personnel decisions affecting women's careers – appear to underlie much of the sex discrimination in the hiring process. Unfortunately, men tend to hold significantly more traditional beliefs than women do (Yang, 1987). According to Chinese tradition, women carry the primary family responsibilities, including care for their children, elderly parents and in-laws. In Taiwan, care-taking responsibility lies within the individual family not the government. The expectation of women that they will take the primary caregiver role seems to be very common among different cultures (Davies and Thomas, 2000). What is unique about Taiwanese women is that traditional Chinese people do not have an independent individual identity. Rather their self-identity is heavily interdependent with their family. Having an interdependent self-identity makes Chinese people more likely to act in accordance with the anticipated expectations of others (Chuang, 1998). Lacking public assistance on childcare and elderly care, in combination with the interdependent self-identity, women are expected and forced to carry the primary family responsibilities; they are the ones who leave work when their loved ones are sick or need their help. In the workplace, women are thus seen as less committed to their careers and more likely to quit or be absent from their jobs because of family responsibilities, and are less likely to be rewarded for their performance (Chang, 1995). Because of their shorter or interrupted employment histories, women are likely to be left on the lower rungs of the occupational ladder and they are also less likely to be promoted than men (Chiang, 1998).

Table 2 *Frequency of gender requirement listed in classified ads by job category*

	<i>Prof.</i>	<i>Admin</i>	<i>Clerks</i>	<i>Sales</i>	<i>Service</i>	<i>Production</i>	<i>Total</i>
Male only	931	428	43	218	42	278	1940
Female only	256	38	188	91	92	72	737
Either	1899	824	241	527	183	245	3919
Total	3086	1290	472	836	317	595	6596

Note

Job classification was based on the Standard Occupational Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan at <http://www.stat.gov.tw/bs1/english/occu.htm>. Prof. stands for professional jobs and admin. stands for administrative jobs.

Gender differences in educational preparation for employment

Another primary factor that might account for observed sex segregation in the Taiwanese workforce is the difference in female and male credentials and educational backgrounds. However, evidence indicates that, with the exception of natural science and engineering, women and men now have more or less equal enrollment in the major categories of higher education. Table 3 shows the percentage of female students by colleges. Overall, the total percentage of female university students has increased tremendously, from 31 per cent in 1965 to 50 per cent in 1997. There are only two (natural sciences and engineering) out of eleven colleges in which female students are significantly under-represented (29 per cent and 17 per cent, respectively). Male and female students are fairly evenly distributed in the colleges of law and agriculture, where females comprise 43 per cent and 48 per cent of the students, respectively. Female students outnumber males in seven out of eleven colleges. One statistic that needs special attention is that, in Taiwan, female students make up 73 per cent of students in the medical schools because nursing is included. Nursing is usually the largest programme in a medical school and more than 90 per cent of its students are female. Incidentally, most statistics in Taiwan coincide with other Organization for Economic Cooperation and Development (OECD) countries insofar as few women take engineering courses, but they predominate in teacher training. In law and medicine, women now make up about half the intake in most OECD countries ('Survey Taiwan', 1998). In terms of getting an education in Taiwan, women and men are now standing on more-or-less level ground. Since a tremendous amount of investment has been poured into educating women and men alike, it is absolutely irrational to under-employ women simply out of a foolish traditional belief that women are home bound.

Perceived sex differences in employment opportunities

A fourth possible factor behind sex segregation in the workplace is difference in the career aspirations of women and men (Gottfredson, 1981). In this respect, the relatively fewer employment opportunities available for women may inhibit their aspiration for employment, leading women to self-select against participation in male-dominated job categories.

Table 3 *Percentage of female college students by college*

<i>Year</i>	<i>Total</i>	<i>Hum.</i>	<i>Edu.</i>	<i>Art</i>	<i>Law</i>	<i>Soc. sc.</i>	<i>Nat. sc.</i>	<i>Eng.</i>	<i>Med.</i>	<i>Agr.</i>
1965	31	48	41	26	23	41	22	2	27	20
1970	36	65	52	31	32	51	25	3	46	19
1975	37	71	50	52	33	55	20	3	51	18
1980	41	76	55	62	36	61	28	6	57	26
1985	43	77	68	75	38	57	26	13	56	38
1990	46	78	54	77	48	58	27	17	64	40
1995	49	75	64	76	42	56	27	18	71	47
1996	49	75	67	75	43	57	28	17	72	48
1997	50	76	69	74	43	58	29	17	73	48

Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, *Statistical Yearbook of the Republic of China* (1998).

Note

In this table, hum. stands for humanities, edu. stands for education, soc. sc. stands for social sciences, nat. sc. stands for natural sciences, eng. stands for engineering, med. stands for medical science and agr. stands for agriculture.

Taiwanese women come to realize that they do not have equal access to employment opportunities soon after they graduate from universities. Even the government is guilty of leading the discrimination against women in hiring practices. Some application forms for certain high-level financial or expatriates' Civil Service examinations, which is the current system the government uses to select civil servants, specify 'MALE ONLY'. Females are excluded from taking the examinations, let alone competing with males for the same jobs. Although such a practice is more an exception than a rule, its existence deserves severe public criticism.

The aforementioned content analysis of classified ads supports the proposition that more opportunities were available to men as professionals, administrators, sales and production workers. Of the six categories examined, women had better opportunities in only two, clerical and service workers (see Table 4). Overall, for every 100 employment opportunities women have, men have 126 employment opportunities. Men got much better opportunities as professionals and administrators, 131 and 145 respectively compared to every 100 opportunities women had in the same job categories. Also, Chia *et al.* (1997) found that Chinese men are perceived not only to have higher status both in the home and at work, but also to have more job opportunities, more professional development and more advancement opportunities.

Sex discrimination in compensation

Women in the United States who work full time earn, on average, for the same job, about 76 cents for each dollar that men earn (Bureau of Labor Statistics, 1999). Similarly, the average pay of women in Taiwan averages 71.6 per cent that of men, ranging from 60 to 85 per cent of the average pay for men, depending on the type of industry involved. Table 5 shows the percentage of average monthly earnings of women to men by industry over 18 years.

In manufacturing, women only earn 64.8 cents for every dollar that men earn. After dropping continuously for ten years, the percentage of average monthly earnings of females to males in manufacturing finally showed some improvement in 1993. This trend showed that women in manufacturing had engaged in relatively lower-earning jobs than men, between 59.5 and 65.7 per cent in the past eighteen years. Women in electricity, water and gas have had the highest female to male employees' earning ratio over the years, varying between 73.4 and 85.6. But, as of 1992, there have been signs of decline, after which the percentage stabilized at just slightly under 80 per cent. The percentage of average earnings of females to males in finance has been on the rise, increasing from 64.1 per cent in 1982 to 80.3 per cent in 1999.

The causes for such a gender gap in pay are usually attributed to blatant sex discrimination and sex segregation in the workplace. The first view is that, faced with men and women of equal ability, bosses, who tend to be men, will in turn tend to hire men, pay them more and promote them faster. Therefore, women are significantly underpaid compared to men in the same occupations and with the same level of qualifications (Cleveland *et al.*, 2000). The second view is that women's lower pay is primarily attributable to sex segregation of jobs. According to this 'dual labour-market'

Table 4 *Employment opportunities for males and females by job category*

	<i>Prof.</i>	<i>Admin</i>	<i>Clerks</i>	<i>Sales</i>	<i>Service</i>	<i>Production</i>	<i>Total</i>
Males	2830	1252	284	745	225	523	5859
Females	2155	862	429	618	275	317	4656
M:F ratio	1.31:1	1.45:1	0.66:1	1.21:1	0.82:1	1.65:1	1.26:1

Table 5 Percentage of average monthly earnings of female to male employees by industry and year

Year	Manufacturing	Electricity	Construction	Transportation	Finance	Business services	Community services	Services
1982	64.6	83.6	80.1	74.8	64.1	61.1	74.9	62.9
1983	65.7	83.5	70.1	72.0	64.3	62.1	73.2	63.2
1984	65.4	80.6	64.3	72.5	67.0	62.0	72.1	65.5
1985	63.5	73.4	65.6	75.8	69.8	62.4	70.1	64.8
1986	63.7	78.2	65.7	79.4	70.7	63.2	68.4	67.4
1987	63.9	79.5	66.9	78.5	75.2	62.6	65.1	68.8
1988	62.5	79.7	66.8	77.4	75.8	65.7	66.1	70.7
1989	61.2	81.3	69.3	79.5	76.7	67.9	66.6	71.5
1990	60.8	82.8	71.1	77.4	70.7	69.8	70.6	72.2
1991	60.5	82.4	72.0	77.9	67.0	73.4	71.0	71.6
1992	59.5	85.6	72.7	75.8	72.5	75.1	71.6	72.0
1993	60.1	84.1	70.0	74.9	74.2	76.8	71.4	72.0
1994	60.8	82.7	71.1	75.4	78.4	77.7	72.3	72.8
1995	61.6	79.3	73.2	76.2	80.7	81.2	74.2	74.7
1996	62.2	78.2	75.8	79.2	79.3	84.5	74.9	75.6
1997	62.9	79.4	74.4	81.7	80.8	83.7	75.2	76.8
1998	63.9	78.6	73.6	81.2	77.4	88.9	73.9	76.6
1999	64.8	79.1	73.6	83.1	80.3	78.1	76.1	77.2

Source: Directorate-General of Budget, Account and Statistics, Executive Yuan, Taiwan. Raw data are available at <http://140.129.146.192/earning/ht45oe.asp> as a searchable database.

Note

In this table, categories of industry follow the standard industrial classification. Electricity stands for electricity, water and gas; transportation stands for transport, storage and communication; finance stands for financing, insurance and real estate; business services stands for legal and accounting services; community stands for community, social and personal services; and services stands for trade and eating and drinking places.

view, men, for whatever reason, scoop the jobs that offer secure employment, good promotion prospects and high wages, leaving women with relatively insecure, poorly paid jobs and chilling promotion prospects. Correlating the ratio of female to male employees (Table 1) and the average monthly female-to-male earnings ratio (Table 5) across all industries between 1982 and 1999, one finds a statistically significant negative correlation of $r = -.196$ ($p = .018$). This means that, as the percentage of female employees in an industry increases, the relative pay for female workers *vis-à-vis* their male counterparts decreases. In other words, evidently, as an industry gets a greater percentage of women employees, the women get paid relatively less than men. The greater the percentage of female employees in an industry, the greater is the gender gap in pay.

More data support the contention that sex segregation in the workplace exists. Figure 2 indicates that Taiwan has witnessed a huge growth of jobs for women in professional, service and clerical jobs over the past two decades, while their share of administrative and managerial positions has remained extremely low (between 10 and 15 per cent). The failure of women to establish themselves in any great number in managerial positions is also a shared experience in Western societies (Cleveland *et al.*, 2000; Davies and Thomas, 2000). As women have crowded into a relatively narrow band of jobs, their pay has become correspondingly more depressed.

Besides blatant discrimination and sex segregation in the workplace, the traditional belief that men have to support their family and women are just earning extra spending money for their clothes and cosmetics is also responsible for the gender gap in pay. The myth says that men need enough money to put bread on the table so they do not accept jobs without adequate compensation. On the other hand, women are more flexible since their income is likely to be the supplementary second income for the family. Therefore, employers are likely to take advantage of the flexibility by offering women lower compensation than men. Moreover, employers usually give a male employee a raise when he is getting married; on the other hand, they start looking for a replacement when a female employee is getting married.

Although the gender gap in pay seems to make good economic sense for employers at first, it may not pay off in the long run. In Taiwan's society, women are equally educated and qualified as men. Sooner or later, women will find jobs elsewhere which pay them comparable wages to their male counterparts. Given Taiwan's low unemployment rate, employers must work hard to reduce turnover rates. The turnover rate is shown in Table 6 by industry over the past eighteen years. There is a significant negative correlation ($r = -.46$, $p < .000$) between turnover and percentage of average monthly earnings of female to male employees. This result is consistent with theories of social justice which predict that employees will have more positive attitudes toward organizations that are perceived as treating employees fairly (Greenberg, 1990). When a company pays women and men equally, it promotes an image of the company treating its employees fairly. It generates a positive affective response among employees towards the company and they are less likely to leave. Empirical studies have demonstrated that the positive effects are not limited only to employees who personally benefit from the company policies (Grover and Crooker, 1995, Honeycutt and Rosen, 1997). Lower turnover rates can also mean lower recruiting, hiring and training costs for the companies, a point that has strong implications for employee attraction and retention strategy.

Implications for human resource management

After all the description of discriminatory practices in selection and compensation in Taiwan, one may ask: 'Why do women tolerate such unfair treatment in the workplace?'

Table 6 Turnover rate by industry and year (%)

Year	Manufacturing	Electricity	Construction	Transportation	Finance	Business services	Community services	Services
1982	3.62	0.45	6.78	1.58	1.27	2.32	2.34	2.42
1983	4.23	0.47	8.22	2.05	1.09	2.82	3.77	3.40
1984	3.89	1.02	6.19	1.78	1.97	2.82	2.42	2.85
1985	3.28	0.27	3.42	1.69	1.42	2.96	2.41	2.48
1986	3.50	0.26	5.11	1.49	1.53	3.35	2.60	2.80
1987	4.03	0.31	3.78	1.23	1.69	2.45	2.37	2.35
1988	3.73	0.29	3.03	1.19	1.52	2.36	2.34	2.27
1989	3.95	0.32	3.77	1.41	1.26	2.16	2.27	2.18
1990	3.73	0.32	3.41	1.39	1.95	2.00	2.53	2.46
1991	3.14	0.41	2.73	1.27	1.42	2.14	2.17	2.03
1992	3.08	0.27	2.44	1.21	1.40	2.44	2.47	2.03
1993	2.87	0.26	2.62	1.36	1.65	2.86	2.30	2.26
1994	2.56	0.38	3.03	0.91	1.38	2.59	2.28	2.13
1995	2.66	0.20	3.86	1.09	1.82	3.99	2.28	2.57
1996	2.28	0.28	3.67	1.30	1.84	2.98	2.50	2.71
1997	2.04	0.30	2.78	1.32	1.58	3.04	2.28	2.39
1998	2.19	0.25	3.50	1.40	1.92	3.39	2.48	2.77
1999	1.87	0.20	3.36	1.15	1.81	2.53	2.69	2.5

Source: Directorate-General of Budget, Account and Statistics, Executive Yuan, Taiwan. Raw data are available at <http://140.129.146.192/earning/ht456c.asp> as a searchable database. Turnover rate was referred to as labour separation rate on this website.

Strong patriarchal traditions, weak legal protection combined with shortsighted economic advantages for employers leave women defenseless in the workplace. Overcoming these discriminatory practices depends not upon the effort of individuals but on the collective recognition of such problems in the open. Discriminatory hiring practices, such as 'male only' application forms for certain civil service examinations and 'male only' ads for high-level positions in the private sector need to be condemned. Corporations could hardly be expected to change sex segregation in jobs simply because of the outcry against discrimination from a few educated women. Nonetheless, rising labour costs and a diminishing labour supply might have some effects on forcing corporations to modify the way they conduct hiring. Due to high enrollment rates in schools, Taiwan's labour participation rate for 15-to-19-year-olds dropped from 38.29 per cent in 1982 to 17.94 per cent in 1997 and the labour participation rate for 20-to-24-year-olds dropped from 65.32 per cent to 60.91 per cent during the same period. This has created a shortage of young newcomers in the labour market that will probably become even more severe in the next ten years. In response to a diminishing number of potential recruits, firms will face basically three options for handling the situation. The first option will be to pay more for entry-level jobs to attract applicants from the traditional workforce. The second will be to lower the selection criteria to accept applicants with less qualifications. The third will be to induce full utilization of the entire labour force and exert effort to attract the formerly under-utilized and equally educated female population, specifically by decreasing sex discrimination in relation to jobs that offer secure employment, good promotion prospects and fair wages.

Obviously, the first two options not only lead to enormous waste of human capital, but also hurt corporations' competitive edge in the long run. Only the third option is reasonable. From a rational human resource management perspective, equal opportunities makes good business sense: it ensures that HR potential is maximized (Alvessen and Billing, 1997). Especially in a time when Taiwan is experiencing a declining birth rate, an ageing population and a declining labour force, it seems the only thing on the rise is the female labour participation rate. Figure 1 showed that, while the overall and male labour participation rates has dropped for the past three decades, the female labour participation rate has been steadily on the rise.

No discussion of increasing female labour participation rate is complete until the issue of balancing work and family is raised. Although women actively participate in the workforce, they nevertheless retain almost complete responsibility for household chores and child raising (Hochschild, 1989). On average, employed women in Taiwan spent 5.09 hours per day on household chores, including child care, elder care and housekeeping, compared to 5.25 hours for unemployed women (*The Report on Women's Status in Taiwan*, 1998). Multiple demands create multiple strains for women (Chang, 1989). Merely allowing women to have employment outside of the home is not progress. Women should not have to shoulder the burden of work and family responsibilities simultaneously by themselves. The deeply held assumptions about the appropriate roles of men and women and about the structure of work life must be challenged if real progress is to occur (Davies and Thomas, 2000). The development of gender-equitable work/family policies and practices within work organizations is the initiation to challenge such deeply rooted gender role assumptions and to create a level playing field for women and men to compete in the workplace. At the same time, it also creates positive organizational outcomes. Ng and Chiu's (1997) survey of organizations in Hong Kong revealed that women-friendly policies are positively related with perceived quality of work life.

With some help from family-friendly policies, such as flexible work schedules, family leave policies and child-care assistance, companies stand to benefit from increased

loyalty, organizational commitment and decreased turnover (Grover and Crooker, 1995). Companies in the US now recognize that mothers with elementary-age or pre-school children are red-hot commodities at a time when the unemployment rate is at a record low. Companies providing family-friendly policies are perceived to be more attractive by workers regardless of whether such workers are family-oriented, balance-oriented or career-oriented (Honeycutt and Rosen, 1997).

If the success of US companies with family-friendly policies does not register in Taiwanese employers' minds, the relationship between turnover and gender gap in pay based on census data may nevertheless do so. Many women are working out of financial necessity to support their family. Comparable pay promotes a perception of social justice that easily translates into commitment to the company. A highly committed and well-educated workforce brings in high-quality services and/or products, and, thus, profits for the company.

Facing an increasingly global economy, organizations need to have a highly educated and qualified workforce to gain competitive advantages. The way to maximize human capital is to make sure that hiring decisions are based on fair evaluation of applicants' knowledge, skills and abilities, regardless of gender. Bringing women into the workforce increases its diversity. Workforce diversity, if positively managed, can increase creativity and innovation in organizations as well as improve the quality of decision making by providing different perspectives to problems (Robbins, 2001). With equal access to educational opportunities, young women in Taiwan are becoming at least as well educated and prepared as young men. And empirical evidence shows that women's job performances tend to be perceived to be of as high quality as are men's (Bowen *et al.*, 2000). Thus there are no apparent rational bases for avoiding hiring, promoting or paying women equally. Only when companies are willing to consider equal opportunities for women and men, are they likely to maximize their full HR potential. High-quality HR may easily translate into high-quality services or products provided by the companies. When hiring decisions are not made on merit, that is, when a person who can function very well is denied a position given to one less qualified, the interests of the consumers of the goods or services are compromised. Enough multiplication of such biased selection, and the organization fails – with resulting huge waste in human capital (Guion, 1998).

Conclusion

The out-migration of traditional labour-intensive industries to Southeast Asia and Mainland China eliminated hundreds of thousands of production jobs in Taiwan. The industry has replaced labour-intensive jobs with technology-intensive ones. There is a relatively large supply of jobs opened up for people with high-tech skills and a high level of education in Taiwan (Teng, 2001). As industry has restructured, the HR practices need to be reshaped too.

An organization has a responsibility to itself, to the society that supports it and to the people who seek membership in it to be sure that it conserves and optimizes human talent (Guion, 1998). Biased cultural tradition, combined with weak legal protection, does not justify all the biased HR practices in Taiwan's workplace, such as excluding women from certain civil service examinations, a segregated labour market and the gender gap in compensation.

Facing a declining birth rate and a diminishing labour force, employers need to be keen to find ways to attract and retain potentially qualified employees. The current discriminatory employment practices evidenced herein will drive qualified female applicants away and leave companies with fewer applicants for their positions. High turnover rates combined

with fewer applicants means lower standards for selections. It is irrational to hire less-qualified employees while highly educated and qualified women are excluded or discouraged from the workforce because family responsibilities or discriminatory employment practices keep them out.

Organizations need to take the initiative to implement family-friendly policies to help retain talented employees with family responsibilities. Rigid employment policies that do not take employees' family life into consideration will displace qualified employees who do not have a stay-at-home wife. Based on a recent official survey (*Women's Marriage, Family and Employment Survey*, 2001), the top three most desirable women-friendly employment policies, according to women aged 15 to 64, are 1) providing women with legal protection on fair treatment in hiring, compensation and promotion, 2) encouraging employers in both public and private sectors to implement flexible work schedules and 3) setting up adult day care, elderly care and nursing-home facilities. This result points out that the government needs a big awakening to realize that forceful legal protection of fair treatment for women in the workplace is long over-due. Besides tolerating unfair treatment, women have been shouldering the burdens of work and family by themselves without any public assistance. Setting up flexible work schedules and dependant care will be excellent starting points.

Stereotypical perception of gender differences perpetuates discriminatory hiring practices. Further work in Taiwan needs to be done on the relationships between gender, absenteeism and turnover. Empirical data need to be collected to test the validity of the common wisdom that women are less stable employees than are men. Studies on gender and absenteeism in the United States have shown fairly consistently that women have higher absenteeism rates than men, probably because of women's roles as the primary caregivers in the family. However, the evidence from research on gender and turnover is mixed: there is not enough information from which to draw meaningful conclusions (Robbins, 2001). These results need to be tested to see whether and to what extent they are time-bound and culture-bound.

Note

- 1 University professors are highly regarded and privileged in Taiwan. At the National Sun Yat-Sen University, there were only five female full professors and twenty-four female associate professors compared to eighty-nine male full professors and 173 male associate professors in 1995 (National Sun Yat-Sen University, 1995 faculty directory). Female professors only made up 5 per cent of those who hold full professorship, and 12 per cent of associate professors. A similar situation also occurred at the National Taiwan University where female professors made up only 9 per cent of all professors (Chiang, 1994).

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