

Occupational Gender Segregation: Public Policies and Economic Forces

Introduction and Overview

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In all countries of the Organisation for Economic Co-operation and Development (OECD), the labour market outcomes of women have improved over the twentieth century. But despite these gains, women's experiences, most often summarized by their rate of participation in the labour force and sex-based wage disparities (also called gender pay gaps), remain remarkably different across countries. In Canada, the labour force participation of women in 2000 was 60 percent, that of men was 73 percent, while recent studies of the gender pay gap have put the ratio of the average female to the average male hourly wage in the 84 to 91 percent range in 1999 (Drolet, this volume).¹ These numbers pale in comparison with corresponding outcomes in certain European countries. In Sweden, female labour market participation stood at 76 percent in 1998; in France, the gender pay gap was in the upper 90 percent in 1999 (Evans, this volume).

In light of relatively more favourable international experiences, initiatives to promote gender equality in the labour market remain high on the public agenda in Canada. Government programs and legislative initiatives at the federal and provincial levels can be divided into three main areas: equal pay policies (including pay equity), equal opportu-

nity policies (including employment equity), and family-friendly policies (including maternity leave, parental leave, and daycare subsidies). In various jurisdictions and at various times over the last ten years, governments have put into operation all three types of initiatives to promote gender equality in labour market outcomes, although pay equity initiatives have tended to become the most widely discussed and debated. In the early 1990s, Ontario, which has been called a world leader in pay equity policies, implemented proactive legislation aimed at the private as well as the public sector. Quebec passed similar legislation in 2001, a measure that was preceded by an extensive program of child care for pre-schoolers of working and student mothers. With regard to employment equity or affirmative action, in 1995 the federal government extended coverage to the public service, gave the Canadian Human Rights Commission the authority to conduct on-site audits, and clarified employers' responsibilities in ensuring the representation of women in all strata of large business organizations in the federal jurisdiction (Leck, this volume).

In this volume, various authors review the state of these policies in Canada and elsewhere to provide a basis of comparison and an opportunity to learn from the experience of others. In many respects, the

articles collected here follow up on an earlier study by Abbott (1990), who in a similar exercise brought together leading Canadian and US authorities to evaluate the early development of pay equity. Since the early 1990s, much has changed: Ontario pay equity legislation has been modified (Gunderson, this volume); new data sources have become available to better analyze the extent of occupational segregation and the determinants of the gender wage gap in Canada (Drolet, this volume); and international data sets are now accessible to shed light on the relationship between occupational segregation and women's labour market outcomes across OECD countries (Evans, this volume; Bettio, this volume). In this introduction, we first summarize these contributions, and then highlight common themes touched upon and their implications for policy formation.

OVERVIEW OF PAPERS

This special volume begins with two descriptive analyses: first, on the state of occupational gender segregation and second, on the gender wage gap in Canada. Nicole Fortin and Michael Huberman provide an historical perspective of the changes in and the nature and consequences of occupational gender segregation, or the division of work into women's and men's work. To many (among others, see Armstrong and Armstrong 1975; Fox and Fox 1987), occupational segregation is the main cause of the lower pay of women. The impetus behind gender segregation, the belief that a woman's place is with other women, has deep historical origins. While this view may have faded away in contemporary Canadian society, the authors contend that it has been replaced by the idea that a woman's place is not higher up in the hierarchy. This gives rise to a type of occupational gender segregation that is not fully characterized by the femaleness of occupations. In order to provide meaningful distinctions that reflect the evolution of women's work over the twentieth century, the paper revives a traditional, but neglected taxonomy of occupational gender segre-

gation. This traditional categorization of segregation into its horizontal and vertical dimensions is relevant to the discussion of gender equality policies. "Horizontal segregation" describes the segregation of women and men into jobs with similar educational and skill requirements, but in different fields of study or endeavour. Pay equity policies are designed to redress gender-wage differentials arising from this type of segregation in a particular workplace. "Vertical segregation," segregation along hierarchical levels, has two dimensions: it can arise in similar lines of work (intra-occupational vertical segregation), or in different lines of work (inter-occupational vertical segregation). Employment equity policies are best suited to address problems of vertical segregation. Using census and firm-level data, Fortin and Huberman investigate the evolution of gender segregation and its relation to earnings along *all* these dimensions. The paper finds that horizontal segregation, especially the pink/blue collar, female/male divide, has essentially stagnated since mid-century. Meanwhile, continuing progress in inter-occupational vertical segregation has contributed to narrowing the gender pay gap substantially. It follows that intra-occupational vertical segregation is now responsible for a substantial and growing portion of the ever-shrinking gender wage gap.

The second paper by Marie Drolet examines the contribution of a broader array of factors, besides occupations, in explaining the gender wage gap. The author uses the recently released 1999 "Workplace and Employment Survey (WES)," a new matched employer-employee data set. She studies the extent to which factors, not previously explored in the Canadian context, can account for differences in the earnings of men and women. Drolet quantifies not only the importance of the commonly examined individual wage-determining characteristics but also of the impact of workplace characteristics on the gender wage gap. Exploiting standard Oaxaca decomposition techniques, she breaks the gender wage gap into a portion attributable to the differences in the wage-determining characteristics of men and

women, and a portion related to differences in the returns to these characteristics.² The study goes one step further and includes the portion of the gender wage gap attributable to differences in the workplace characteristics of men and women. The results indicate that workplace-specific wage effects are an important determinant of the wages of men and women. Like other studies, Drolet finds that men still enjoy a wage advantage over women, but a significant portion of the gender wage differential results from the fact that women are disproportionately employed in low-wage workplaces. She concludes that the workplace is just as important as workers themselves in accounting for the gender wage gap. While the inclusion of workplace-specific effects tend to increase the “explained” component of the gender wage gap, conditional on the wealth of worker and other workplace characteristics available in the WES, a relatively high portion, 46 percent, of the wage gap remains unexplained or unaccounted for.

Francesca Bettio’s examination of the recent labour market outcomes of women in Europe helps put the Canadian experience in perspective. Drawing on newly developed international data sets, she challenges the conventional wisdom about occupational segregation. She finds that occupational segregation does not always worsen women’s labour market outcomes. In certain, mainly northern European countries, there is a positive relationship between occupational segregation and female employment. It follows, contrary to the common view, that redistributing female employment between occupations toward the male pattern may in fact increase the gender gap. Consistent with the results of Fortin and Huberman, Bettio argues using counterfactual occupational distributions that intra-occupational hierarchical segregation is an important obstacle to improving women’s labour market outcomes. There is also evidence that across Europe the gender gap widens as the dispersion of earnings increases. This may explain why recent progress in reducing the gender gap has slowed down across Europe. European policymakers, Bettio concludes,

are faced by a trade-off. On the one hand, recent government policy has favoured the liberalization of labour markets; on the other, national authorities continue to use family-friendly policies to encourage higher rates of female labour market participation. The trend toward liberalization has put in jeopardy many of the gains in women’s labour market outcomes.

In Canada, equal opportunity initiatives, and in particular the federal employment equity legislation, directly target occupational gender segregation, especially that arising from vertical intra-occupational segregation. Such laws aim to remove obstacles to employment of traditionally disadvantaged group members, and some of the previous papers (Fortin and Huberman and Bettio) have observed that initiatives of this type may prove to be essential if women’s labour market outcomes in Canada and elsewhere are to improve in the future. There are few evaluations of these programs. Joanne Leck’s discussion of the positive and negative consequences of managerial practices and policies in relation to Employment Equity Programs (EEPs) in Canada is therefore long awaited. On the positive side, Leck emphasizes the upgrading of human resources management policies, the increased presence and improved status of women, and a narrowing of the gender wage gap. On the negative side, she discusses issues of employee backlash, higher than anticipated reporting and related administrative costs, and decreased productivity. Leck suggests a series of practical recommendations for the implementation of employment equity, such as increasing employee participation in program design in order to lessen employees’ negative attitudes toward it.

Whereas employment equity aims to reduce occupational gender segregation, pay equity legislation is directed at redressing the *wage consequences* of occupational segregation that arise from the lower pay of female jobs with respect to comparably valued male jobs in a specific workplace. In an international perspective, the Canadian experience is noteworthy because policy has evolved from a

complaints-based approach, a system in which pay redress results from the complaints of employees, to proactive pay legislation, a system where the onus is placed on the employer. Canada is now a leader in proactive pay equity legislation. Thirteen of 14 Canadian jurisdictions have pay equity requirements for at least some of their employers, and in its two largest provinces, Ontario and Quebec, legislation covers the private as well as the public sector. Nan Weiner, a practitioner in the field, reviews 25 years of experience with pay equity in Canada. She identifies the lessons learned about the implementation of pay equity legislation. These include the need for proactive initiatives, the involvement of unions, and the importance of clear definitions of who and what constitutes an “employer,” and female and male jobs. Although she supports gender-neutral job-evaluation systems and accepts the exemptions for non-gender-based wage differentials contained in current legislation, Weiner, based on her own experience, argues that a wage-line methodology is the best approach at hand to identify any pay equity adjustments, since it provides some logic to the compensation system.³ Weiner also recommends that pay equity programs become part of firms’ compensation structure so that all employees achieve pay equity in a similar way and that fairness is assured.

While Weiner gives a generally positive assessment of the Canadian experience with comparable worth, Morley Gunderson offers a more nuanced appraisal of the technical aspects of pay equity in Ontario, situating policy formation in the changing political context of the province. The province has moved to close the loopholes in the initial legislation that led to opportunistic behaviour by the parties. However, each new piece of legislation has added a layer of complexity in the basic mechanics of implementing pay equity. For example, in 1993, proportionate values comparisons were introduced in cases where job-to-job comparisons were impossible; they could replace job-to-job comparisons, if the former generated adjustments at least as great as the latter. This created a multiplicity of methodologies to determine pay equity adjustments. Pay

equity in Ontario also has a number of other design and implementation features that further enhance the complexity of the process, including the fixing of limits and allowable exemptions for seniority, temporary training assignments, merit, red-circling, skill shortages and bargaining strength.⁴ Gunderson leaves us with the strong impression that pay equity is by far a second-best solution to the problems faced by women in improving their labour market outcomes.

In a companion paper, Gunderson and Paul Lanoie analyze the Ontario pay equity legislation in light of a set of eight program-evaluation criteria related to policy design and outcomes. These criteria, which are explained in detail in the paper, are informative in their own right, but they also provide a systematic way of classifying the issues involved in evaluating pay equity. The “target efficiency” criteria evaluate the extent to which pay equity benefits individuals in “undervalued” female-dominated jobs, the target group, without affecting individuals in other types of jobs, the non-target group; the latter effects are also called spillover effects. The authors give a “mediocre” rating to the Ontario law on the criteria of target efficiency and minimization of administrative costs. The law is rated “acceptable” according to the criteria of horizontal equity (“equal treatment of equals”), allocative efficiency (the minimization of distortions to the efficient allocation of resources), and transparency of process and mechanisms. The authors give a better rating to the law on the grounds of vertical equity (“unequal treatment of unequals”), adaptability, flexibility and reversibility of the program, as well as political acceptability. However, using illustrations from case studies, the authors conclude that the negative features associated with the policy’s complexity are a significant barrier to the effective implementation and wider adoption of the policy.

Mark Killingsworth provides another viewpoint on the challenges faced by pay equity legislation in his assessment of the evolution of comparable worth

legislation in the United States over the past ten years. Killingsworth distinguishes developments at both the state and federal levels. At the federal level, the courts introduced the principles of comparable worth in an attempt to extend the *Equal Pay Act*. These attempts in implementing pay equity, which aimed to broaden the legal standard for evidence of discrimination to encompass the “worth” of jobs, met with little success. The American experience thus provides a point of comparison with the complaint-based pay equity legislation of the Canadian federal government, which is still struggling with the establishment of legal standards (such as the definition of an employer previously mentioned by Weiner and Gunderson). South of the border, attempts to implement comparable worth/pay equity were more successful at the state than at the federal level, although only six states have any legislation of note. Killingsworth examines these cases on the basis of outcomes, mainly the costs of the programs and their impact on the gender pay differential. He examines implementation of pay equity among employees of the Minnesota State government in the mid-1980s for which unique detailed data are available. These data include information on wages, individual characteristics, as well as jobs and job-evaluation scores. The evidence indicates that, although parity was not achieved, pay equity adjustments reduced the pay gap among employees of the state government by about 9.6 percentage points, a substantial improvement.

In their paper, Cassidy, Strobl and Thornton examine the Republic of Ireland’s experience with legislation designed to combat gender discrimination in wages and employment. Although the Irish initiative has drawn little attention in the literature, its experience is insightful because legislation was passed in a particularly challenging environment. The authors begin with a description of the background that led to gender equality legislation; they then discuss how the Irish program functions in practice. In contrast with the stringent statistical standards characteristic of the United States, the Irish initiative is based on a relatively subjective

process. In their evaluation of the impact of the legislation, Cassidy *et al.* use standard time-series analysis to trace any changes in the evolution of the gender gap over time to the legislation. They find that the introduction of pay equity legislation since 1975 and until recently has had a positive, but small impact, of about 4 percent, on closing the wage gap. This type of analysis, as the authors admit, is an example of *post hoc ergo propter hoc* reasoning, which presumes that if one event succeeds another, it must be its result. The authors observe that the rising trend in women’s wages was occurring before the introduction of comparable worth legislation and that there were other changes in women’s labour market experiences that contributed to closing the gap.

In the final paper, John Evans discusses the link between work/family reconciliation policy, occupational gender segregation and gender equity in different OECD countries, giving special prominence to Canada. Evans argues that gender inequity in wages and occupational segregation reflects to some extent the fact that women are more prepared to work part-time than men because of family responsibilities. Even in full-time work, because employers expect a substantial proportion of their female employees to invest more heavily in their families than in their jobs, they have the incentive to give women less training and promotion opportunities than men, thereby generating lower wages for women. Policies such as job-protected maternity leaves, flexible hours and hours ceilings to the working week have opened up new career possibilities for mothers. Firms have also found that family-friendly arrangements impart a wide range of benefits, from lower staff turnover, higher levels of job commitment, to an improved company image. In fostering gender equality, Evans concludes, there is an important role to play for work/family reconciliation policies, both at the firm and national level. Across OECD countries, he distinguishes between two general public strategies, placing Canada’s approach in the middle. The first model crudely characterizes the approach in the United States and

Australia. It focuses on increasing women's participation in the labour force, concentrating on child-care provisions rather than leave for family reasons. This contributes to reducing the gender wage gap and occupational gender segregation because it allows women's choices to be more similar to those of men. The second approach is representative of the Nordic countries. There the emphasis is on maternity and child-care leave. It reduces any negative effects of policy on gender equity and occupational segregation since it encourages greater involvement by men in child-care and unpaid household work, that is, it makes men's choices more similar to those of women.

KEY THEMES ADDRESSED

This section gathers the findings of the special issue into five main themes that have arisen as especially difficult or not fully resolved questions or issues. These themes are: the evolution of the gender pay gap and its relation to changes in occupational gender segregation; an appraisal of processes involved in the implementation of gender equality legislation; the evaluation of the outcomes of gender equality legislation; and the role of unions. Our purpose is to summarize the contribution of the articles in these areas and to identify directions for future research.

The Magnitude of the Gender Pay Gap and the Evolution of Occupational Gender Segregation

The presence and persistence of a sizeable gender wage gap, part of which is perceived to be unfair, is generally recognized as the main motivation behind the demand for gender equality policies. The evolution of the gender wage gap is often used to assess the effectiveness of programs in place (as in Cassidy *et al.* and Killingsworth, in this volume), even though the actual target of some policies may be more limited. Research into the factors explaining the gender wage gap can, therefore, help measure the relative contributions of policies aimed at re-

ducing the gap and that of the continued improvement in women's wage determining characteristics. In her timely study, Drolet analyzes the impact of various workplace characteristics — not examined previously — on the gender wage gap in Canada in 1999. In particular, she identifies the rate of part-time work in a workplace as an important contributing factor to the gender wage gap. Yet, despite the inclusion of a wider set of explanatory factors, Drolet reports that a large portion of the gender wage gap remains unexplained, which may be attributed to discrimination.

The relative impact of gender segregation in the workplace (either in the form of segregation across occupations, industries or establishments) on the gender pay gap is more difficult to assess, as it depends on the type of segregation observed. The contributions of Fortin and Huberman, as well as those by Bettio and Evans, underscore this point. The lessons from Europe reveal that some types of segregation are not detrimental to women's labour market outcomes. The rise in the labour force participation of European women from its initial low level to North American levels has led to the entry of women into traditional female jobs, thus increasing occupational gender segregation. Selected policy initiatives, like maternity and child-care leave, have in fact encouraged the trend toward higher levels of femaleness in key occupations. Meanwhile, other forces, such as macroeconomic policies that compress wage structures and centralized bargaining practices, have contributed to improving the gender gap (Blau and Kahn 1996). As a result, higher occupational gender segregation has not been associated with a larger gender pay gap everywhere in Europe. In the North American context of relatively high female labour force participation, Fortin and Huberman attribute more progress in closing the gender gap owing to women's entry into traditional male jobs among the more highly educated. Overall, while the role of horizontal occupational segregation has diminished in Canada, vertical, intra-occupational segregation remains an important obstacle to closing the wage gap. These trajectories point to historical differences in the way

labour markets and labour market institutions have evolved in North America and Europe. It would be difficult to apply selected aspects of European programs in Canada, because of the lack of institutional support, such as centralized wage-setting systems, for these programs.

An Appraisal of Processes Involved in the Implementation of Gender Equality Legislation

Certain contributors (Leck, Weiner, Gunderson) to this special issue have given importance to the mechanics of gender equality legislation, illustrating that in this area fairness in process may be as important, if not more so, than fairness in outcomes. Leck addresses this point directly in her description of the positive and negative aspects of employment equity, where issues such as employee participation and awareness figure predominantly. The pieces by Weiner, Gunderson, and Gunderson and Lanoie also focus attention on process. Weiner supports a proactive rather than complaint-based pay equity system because of the need to absolve employers from an "intent to discriminate." Gunderson and Lanoie, however, point out that proactive initiatives do not necessarily warrant this "absolution" since sizeable pay equity adjustments can be seen as a sign of past corporate wrongdoing.

The Irish pay equity initiative offers a counter example since it is a complaint-based approach. Cassidy *et al.* comment on its inadequacies, concluding that it has been "somewhat problematic to administer." But Gunderson, and Gunderson and Lanoie also see the growing complexity of pay equity policy, when it is applied proactively and on a unit-by-unit basis, as a potential source of problems. These problems are exacerbated because simple rules for its application are elusive; rather than closing loopholes, additional regulations in Ontario have added more layers of complexity. In terms of the actual instruments that measure the pay redress, Gunderson and Weiner differ on the efficiency of using the wage-line method. Neither paper deals explicitly with the externalities of pay equity.

These may include effects on groups not targeted by pay equity, such as increased pay differentials between integrated and female jobs of comparable value, and unintended consequences, such as increases in occupational segregation. However, Weiner observes that the indirect benefits of pay equity were an important part of the story motivating the legislation in the first place. Weiner argues that proactive programs can provide an opportunity to institutionalize pay equity into compensation practices of employers and consultants, with non-negligible positive effects on human resource management. Gunderson and Lanoie temper her optimism, submitting that the unwieldy nature of the legislation raises the danger that it will be largely ignored. The likelihood of this outcome is enhanced because pay equity settlements in the private sector have been much smaller than in the public sector.

The Evaluation of Gender Equality Legislation

The papers by Gunderson and Lanoie, Killingsworth and Cassidy *et al.* illustrate different ways to test for the effects of pay equity legislation. The first two consider the effects on targeted groups, while the latter examines aggregate effects. To evaluate Ontario's proactive legislation, Gunderson and Lanoie use a case study method based on interviews with human resource managers at three firms considered to have typical experiences with pay equity. They then analyze the data using a set of program evaluation criteria, many of which look explicitly at the outcomes of the legislation. Gunderson and Lanoie identify some potentially negative or perverse effects of the legislation: not all persons targeted receive the same redress and occasionally pay equity increases as opposed to decreases occupational segregation. They also identify the possibility of negative employment effects and the leakage from targeted to non-targeted groups. Killingsworth and Cassidy *et al.* focus exclusively on the impact of the law on the gender pay gap in the public sector in Minnesota and in Ireland, respectively. Both studies find improvements in the wage gap. However, as the authors themselves observe, it is difficult to

draw any firm conclusions about the effectiveness of the law, because they do not compare observed changes in the wage gap with changes in the gap among comparable non-targeted or non-covered groups.

The Role of Unions in the Implementation of Pay Equity

Wage-setting is not always a straightforward exchange between employers and workers. Unions are a third party in most situations where pay equity legislation is applicable. To consider the interaction between unionization and pay equity, it is best to begin with the historical record. Fortin and Huberman observe that in the public goods sector unions contributed significantly in closing the wage gap beginning in the mid- to late 1960s. Today, the role of unions is more complex because it is not necessarily in their interest to have pay equity do the work for them. In a period of declining union density rates, unions have to demonstrate that it pays to be a member of the bargaining unit. Thus, Weiner, and Gunderson and Lanoie report that in Ontario, union involvement leads to longer negotiations. Unions may not be willing to go ahead with job-for-job-based evaluation, and have preferred instead that all workers in the firm must be considered to be part of a single bargaining unit. This is one aspect of the lengthy battles between Air Canada and Bell Canada and their workers. These procedures have made the application of pay equity complex and cumbersome. Indeed, Gunderson and Lanoie attribute the lack of transparency at all stages as a major stumbling block in implementing pay equity laws. Conversely, Killingsworth underlines the potential long-run conflict of interest between the uniform implementation of pay equity across all bargaining units at the firm level, and unions' interest in playing out the bargaining advantages of different units. If job evaluation completely determines the rate of pay of all jobs, there may be little for unions to bargain over. Here again, comparisons with Europe are instructive. In contrast to Canada, wage bargaining in Europe is centralized. Wage-setting is not in the hands of firms and its workers.

In her examination of this issue, Bettio finds that the growing number of women in traditionally female occupations has put pressure on the state, employers, and unions alike to maintain Europe's highly compressed wage structure, where the wage differences between workers with different levels of experience are very small.

CONCLUDING REMARKS: CANADA IN INTERNATIONAL PERSPECTIVE

What is the optimal strategy to improve the labour market outcomes of Canadian women? Because the problem of gender inequality in the labour market is multi-faceted, the papers in this issue explore multiple and complementary strategies that are integral to both sound human resource management policy and sound public policy.

In their review of pay equity legislation in the early 1990s, Michael Abbott and his contributors made the point that pay equity initiatives cannot be expected to do all the work. The 1990s have given credence to this line of reasoning and provided further evidence of the limitations of pay equity. Fortin and Huberman's description of occupational segregation isolates the nature of pay differentials that pay equity can potentially address: those differences that arise from horizontal segregation within a single employer. Yet Drolet shows that workplace characteristics can explain as much as 40 percent of the gender wage gap. This implies that a sizeable share of the gap cannot be addressed by pay equity legislation because it is not the appropriate mechanism to correct inequities across workplaces. In this light, the inevitable economic changes resulting from globalization and economic restructuring, such as more numerous and smaller workplaces, and more diverse and less well-defined job descriptions, may only further reduce the effectiveness of pay equity and remain an important topic for future research.

Notwithstanding theoretical controversies, the papers in this issue give evidence that the effective-

ness of pay equity programs in place has been limited. All parties see pay equity as a complex procedure, especially when unions are involved, whose benefits are not always that large. Gunderson, and Gunderson and Lanoie view this complexity as a significant barrier to the wider adoption of the policy, as political and employer support for complex job-evaluation procedures is less likely than it would be for simple principles such as the “equal pay for equal work.” Weiner suggests that the burden of added layers of complexity fall on employers who operate across jurisdictions with different pay equity methodologies. These employers thus have the incentive *not* to integrate pay equity adjustments into their compensation systems, thus potentially eroding the long-term effect of these adjustments. Another weakness of the legislation, cited by Killingsworth, is that “achieving pay equity” creates the impression that the gender wage gap problem has been solved, with the unintended consequence that it reduces political support for additional measures.

Policymakers need to focus attention as to what part of gender inequities pay equity can realistically hope to correct, and how can pay equity be best designed to minimize administrative costs and potential perverse effects. This message was not lost on the British Columbia Pay Equity Task Force (Iyer 2002), which judged that the proactive pay equity model of Ontario and Quebec was inappropriate for the private sector of British Columbia because it has a larger small business sector than in the other two provinces. Instead of pay equity, a new industry-based approach was suggested.

Beyond the consequences of horizontal occupational segregation that pay equity aims to address, there is also evidence that the nature of occupational segregation in Canada as elsewhere has changed. Intra-occupational vertical segregation has become a major concern and policy must be adapted to changes in the nature of occupational segregation. To this end, Canadian jurisdictions, at the federal and provincial level, have introduced initiatives such

as the expansion to subsidized daycare, family-friendly policies, and modifications in equal opportunity legislation. These may prove to be important vehicles, by themselves and in conjunction with other policies like pay equity, in improving women’s labour market outcomes in the twenty-first century. Much of the progress of women in European countries seems to have come from these joint initiatives, including, as in the case of France, macroeconomic policies that have compressed wage structures. The upshot is that European women’s labour market outcomes have been improving without any decline in the femaleness rate of the key “nurturing” occupations. While recognizing that the histories of labour markets and labour institutions are different across the Atlantic, experiences elsewhere shed light on the relationship between occupational segregation and the wage gap in Canada. These issues will need to be followed up by researchers in order to make further recommendations on the effectiveness of Canadian gender equality legislation in the next decade.

NOTES

¹A woman is considered to be a labour market participant if she works for pay or if she is looking for work. The female labour force participation rate is the ratio of the number of female labour market participants to the total number of women in the relevant age group.

²Proposed by Oaxaca (1973), the standard decomposition technique divides the difference between the average wage of men and the average wage of women into two components: one due to gender differences in the wage-determining characteristics, such as labour market experience and education, and the other due to gender differences in the “returns” to or the “prices” attached to these characteristics. The returns to various wage-determining characteristics are first evaluated by regressing individual characteristics on individual wages, separately by gender. The average wage of men can then be written as the sum of the products of men’s returns to characteristics times the average value of men’s characteristics, and similarly for women. The first component of the decomposition is then the difference between the

average wage of men and the hypothetical average wage that women would have received if they had been paid according to their own average characteristics but with men's returns to the characteristics. The second component is the remainder of the wage gap. While this is a standard methodology, it is still based on a hypothetical or counterfactual wage.

³Separate wage lines for women (and for men) are obtained by regressing the pay in female-dominated (male-dominated) jobs on the total job-evaluation scores on these jobs. This enables pay adjustments to be computed from the difference between the male wage line and the female wage line for a given job score (either in point-to-payline or line-to-payline procedures). Problems with the wage-line methodology, such as the presence of an intercept, the use of a composite score, the use of different functional forms, etc., are further discussed in Gunderson (this volume).

⁴Red-circling refers to the de-skilling of jobs accompanied by a wage freeze.

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