

## Analyzing the Gender Wage Gap in Taiwan's Job Market

**Lai, Wei-Wen** | Assistant Research Fellow, The Third Research Division

In Taiwan's job market, the gender wage gap has always been a significant point of contention in discussions about gender equality. The reasons behind this gender wage gap are not only due to women's relatively lower accumulation of human capital, which affects their competitiveness in the workplace and results in lower salaries compared to men. It also includes the presence of "occupational segregation by assignment" that leads to differences in job allocation for women, as well as "occupational segregation by value" that results in differences in job categories for women within the workplace.

The term "occupational segregation by assignment" refers to the practice where the same employer assigns different job roles to male and female employees after recruitment, leading to wage gap. In other words, the reason for women earning lower wages than men is that job or task assignments are less favorable to women. On the other hand, "occupational segregation by value" refers to the phenomenon where the average wages in female-dominated industries tend to be lower than those in male-dominated industries. For example, traditionally, it has been assumed that men excel in subjects such as mathematics or logic, leading to a predominance of men in mechanical and engineering-related industries with higher salaries, while roles predominantly held by women, such as early childhood education teachers, tend to have lower wages.

Furthermore, some scholars argue that the gender wage gap in the job market is due to traditional Chinese beliefs, where it is perceived that women, because of their family responsibilities, choose jobs with unstable salaries or temporarily leave the workforce due to childbirth and childcare. This can lead to fragmented work experience, challenges in returning to the workforce, interruptions in career development, and missed opportunities for advancement, resulting in lower average wages for women compared to men. However, there is another school of thought among innovative scholars who believe that the primary factors causing the gender wage gap are the underrepresentation of women in high-paying managerial positions and gender discrimination in the workplace.

When observing the gender wage gap in the workplace in recent years in Taiwan, it can be noted that the comparison of average hourly wages for women to men, denoted as "female average hourly wage/male average hourly wage," has exhibited a slight decrease. In 2017, it stood at 85.41%, and by 2022, it had decreased to 84.21%. There was a slight increase from 85.14% in 2019 to 85.24% in 2020, but in 2021, it dropped once again to 84.19%. In 2022, the gender wage gap, as compared to 2021, slightly increased to 84.21%. Overall, in recent years, Taiwan has witnessed a minor decline in the gender wage ratio, indicating that Gender wage gap have not improved and, in fact, have shown a slight worsening trend.

When looking at different industry sectors, in Taiwan's job market, the gender wage gap is greater in the industrial sector than in the service sector. Recent trends indicate that the gender wage gap in the industrial sector has been improving year by year, while the service sector has shown a worsening trend in gender wage gap. Although, when examining gender average wages in the industrial and service sectors in Taiwan's job market, the gender wage gap is higher in the industrial sector compared to the service sector. However, if we further compare the proportion of male and female employees in the industrial and service sectors, it becomes evident that in the industrial sector, the number of female employees represents only around 58% to 60% of male employees. In contrast, in the service sector, the number of female employees is approximately 1.2 times that of male employees. This indicates that in Taiwan's traditional job market, there is still a gender-based "value discrimination" where it is believed that women are more suitable for the service industry, and men are more suitable for the industrial sector. As a result, the gender wage gap is smaller in the service sector, which is predominantly female, and higher in the industrial sector, which is predominantly male.

© Chung-Hua Institution for Economic Research 2023