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THE EFFECTS OF COMPARABLE WORTH IN SAN JOSE: INCREASED WAGES WITH NO REDUCTION IN EMPLOYMENT

by Marlene Kim

Comparable Worth: Definition and Debate -- Comparable worth is a strategy to increase wages for jobs that are mainly comprised of female workers. By paying female dominated jobs the same as comparable male dominated jobs, the wage for the average female job increases by twenty percent. In order to implement a comparable worth strategy, a firm first undertakes a job evaluation study: all of its jobs are evaluated according to skill, effort, responsibility, and working conditions, and are assigned point values according to these criteria. Jobs are then paid according to job evaluation points, with the effect of raising the pay for female-dominated jobs.

In the United States, over 45 states and 90 jurisdictions are involved in some type of comparable worth activity, ranging from job evaluations with full implementation of comparable worth recommendations, to task forces studying comparable worth in the jurisdiction.

Critics, however, argue that a comparable worth strategy will hurt the women it aims to help the most. If wages are raised for women's jobs, such as clerical work, employers will not be able to afford as many workers in these jobs, and will hire fewer of them. The end result will be increased unemployment for women who once held such jobs. In addition, men may be attracted to these female occupations because of the improved compensation. Competition from men may further reduce the number of women in these jobs. Thus, while wages for predominantly female occupations may increase, women's unemployment levels will be higher.

Other researchers disagree. They argue that men and women are so segregated in the workplace that employers will not hire men in female jobs. Also, many women's jobs tend to be in the clerical occupations and service sector, which are growing and indispensable sectors of the economy.

No research has shown that implementing comparable worth will increase unemployment for women. On the contrary, a recent study by Shulamit Kahn of the effects of comparable worth in San Jose finds that comparable worth did not reduce women's employment. Instead, employment for women grew, even with substantial wage improvements resulting from comparable worth.

Background on the San Jose Comparable Worth Case -- Under pressure from the American Federation of State, County, and Municipal Employees (AFSCME) Local 101, including a "sickout" in 1979, the City of San Jose commissioned Hay and Associates, a management consulting firm, to perform a job evaluation study. The study, completed in December, 1979, found that female dominated jobs were paid on average fifteen percent below traditionally male categories performing work requiring similar skill, responsibility, knowledge, and working conditions. Management was unwilling to implement the wage improvements indicated by this study. This led the union to strike for eight days in July 1981. In ensuing negotiations, the City agreed to implement comparable worth adjustments to female dominated jobs suggested by the job evaluation. Wages were adjusted in July 1981, August 1982, July 1983, January 1984, and July 1984, affecting 809 workers, or 20 percent of the City workforce.

The Effects of Comparable Worth: The Kahn Study -- Kahn's findings in San Jose are similar to the employment effects resulting from Australia's comparable worth policy: there is no evidence that implementing pay equity will hurt women by reducing their

employment, as employers either substitute men for women in these jobs or simply hire fewer workers. Instead, Kahn finds that male employment in comparable worth adjusted jobs in San Jose fell rather than grew, while female employment grew. Total employment in comparable worth adjusted jobs grew faster than employment for other jobs in the city, and the city's growth rate was one of the fastest in the state.

As a result of comparable worth increases, wages in comparable worth targeted jobs increased 74 percent (compared to 50 percent for all other jobs) from July 1980 to July 1986. Wages for such jobs were the fastest growing during this time period. Wages in Santa Clara County as well as in city governments in Fresno, Riverside, and Long Beach grew more slowly than in the City of San Jose, with the highest growth rate of 55 percent in Long Beach for the equivalent jobs which received comparable worth increases in San Jose.

Before the San Jose adjustments, wages for comparable worth targeted jobs were lower than wages in Santa Clara County and in the city governments of Fresno, Riverside, and Long Beach; whereas wages for non-targeted jobs were on average equal to those in these other areas. After the adjustments, however, comparable worth targeted jobs in San Jose were relatively higher paid than those in Santa Clara and these other city governments.

Effects on Employment -- Even with relatively high wage growth, employment in San Jose as a whole grew 16 percent, a faster rate than that in Santa Clara or in the twelve largest cities in California. Employment in jobs which received comparable worth adjustments increased 22 percent, faster than the 9 percent employment growth of other AFSCME jobs, and faster than the 14 percent growth rate for non-AFSCME jobs.

Despite better pay for comparable worth jobs, men were not attracted into these occupations. These occupations became even more female (from 87 percent to 89 percent female from 1980 to 1986), even though employment growth in the city was the fastest in these jobs. Less than 1 percent of male employment growth was in these jobs. This may be because the comparable worth adjusted jobs remained on average the lowest paid in the City, even after the comparable worth wage adjustments.

Interestingly, non-comparable worth jobs became less sexually segregated, as women increased their representation in these city jobs from 11 percent in 1981 to 13 percent in 1986.

Conclusion -- The critics' arguments that comparable worth may harm the people it was meant to help remain unfounded. Higher wages do not cause increased unemployment for women. Instead, the effect of comparable worth has been simply to help women by increasing the earnings in female jobs that are undervalued according to skill, knowledge, responsibility, and working conditions.

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