

GENDER-SPECIFIC WAGE STRUCTURE IN THE U.S. LABOR MARKET

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Background

Studies on gender wage gap distinguish between:

Gender-specific factors – differences in work-related characteristics (especially human capital)

The wage structure – returns to work-related characteristics

The wage structure is commonly portrayed as a reflection of the market forces, and therefore as “gender-neutral”; BUT IS IT?

Research Question 1

Do men and women differ in the returns they receive to work-related characteristics?

Research Question 2

What is the contribution of the gender-specific wage structure to the gender wage gap?

Hypothesis 1

Gender differences in human capital decrease, and thus lose their role in explaining the gender wage gap

Hypothesis 2

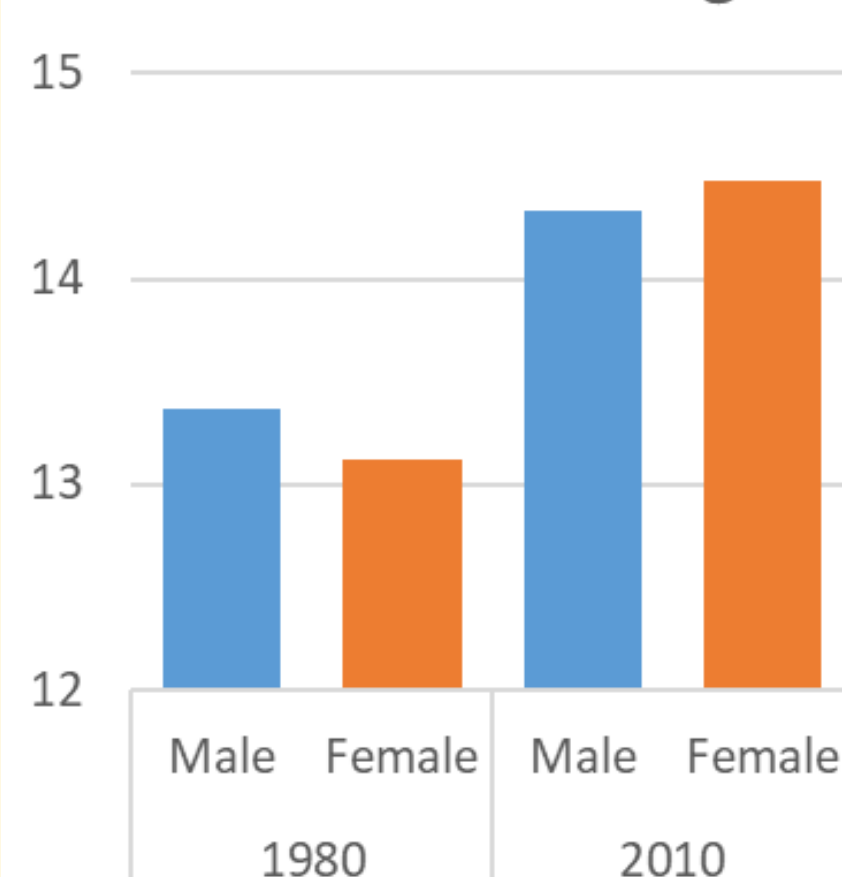
Women benefit less than men from their human capital, and these differences play larger and increasing role in explaining the gender wage gap

Data & Method

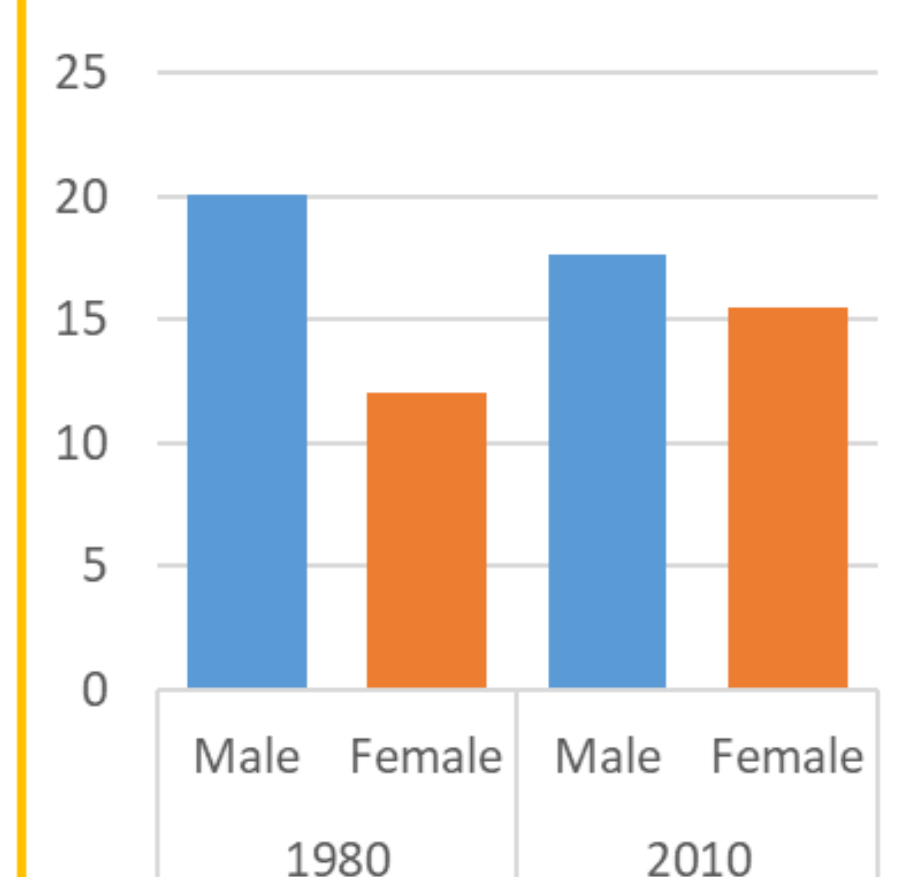
Data: PSID 1980 & 2010 (Blau & Kahn, 2017)

Method: (1) wage equations+interaction
(2) threefold decomposition

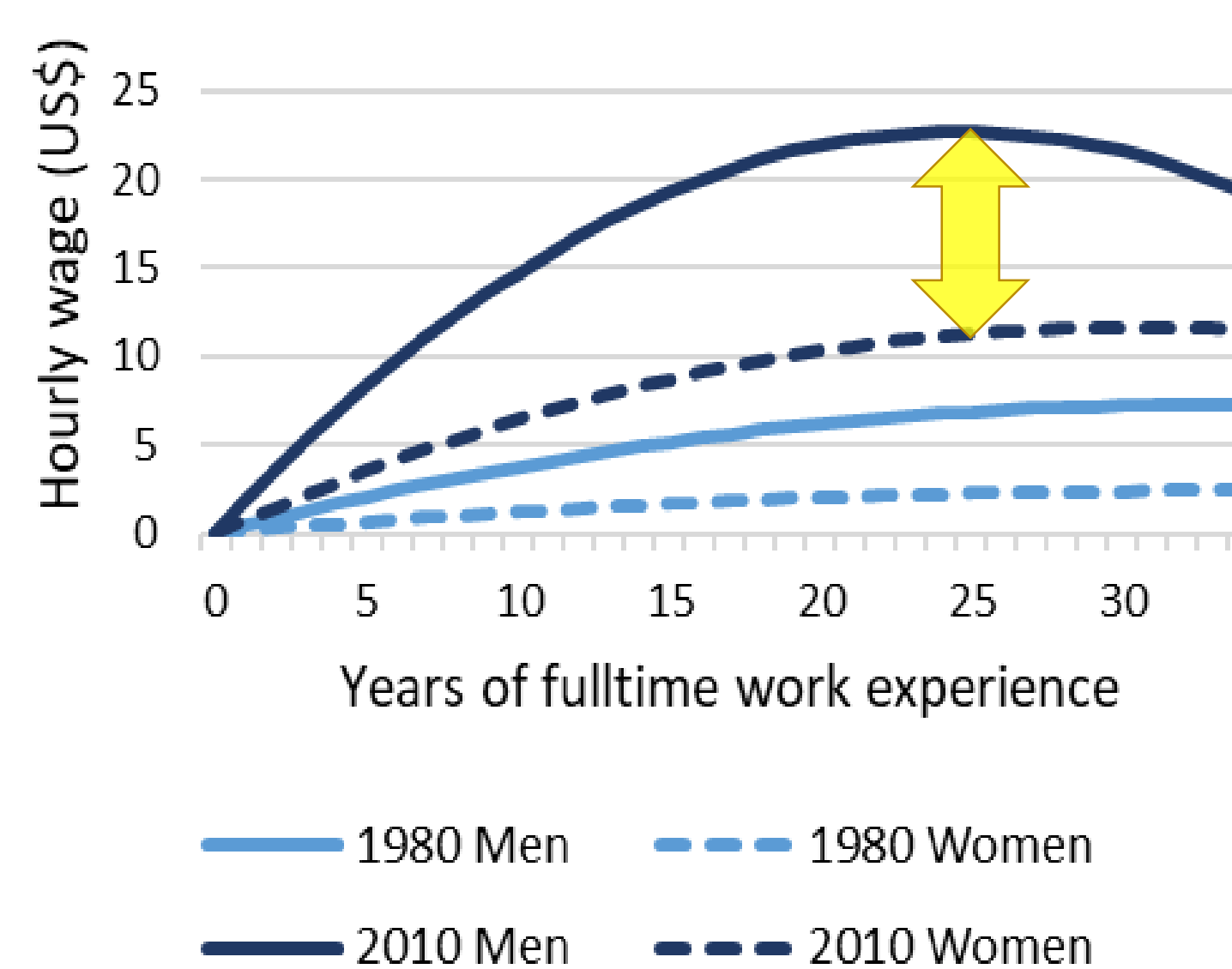
Years of Schooling



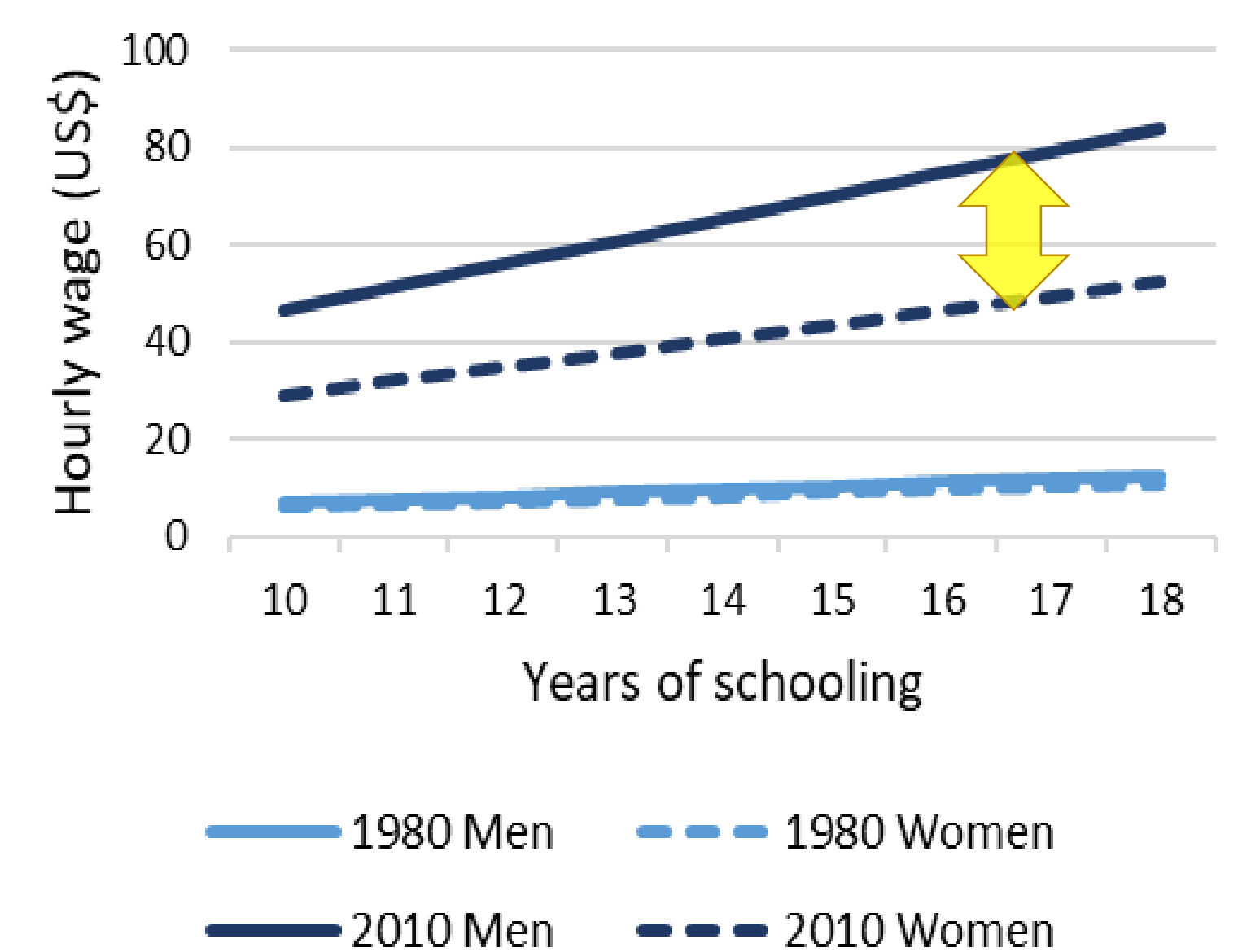
Years of fulltime work



Returns to fulltime experience



Returns to years of schooling



Decomposition of the gender wage gap

Part of the wage gap explained by:		1980	2010
Differences in means	Experience	7.3%	6.3%
	Education	3.7%	-5.2%
Differences in coefficients	Experience	66.2%	86.4%
	Education	45.4%	47.6%

Conclusions

- Men benefit more than women from education and experience**
- The gendered wage structure is more crucial for understanding the gender wage gap than differences in human capital**

Focusing solely on gender gaps in human capital and their reduction over time misses an important part of the picture, namely the fact that the wage structure in itself is gendered.

This is an outcome of occupational segregation, discrimination, glass ceiling, and work-family balance that channel women into less rewarding positions.

The stagnation in the narrowing of the gender wage gap has more to do with disparities in returns than in disparities in human capital.

Eliminating the gaps in human capital between men and women would only mildly affect the wage gap as long as women's skills are underrated in the market.

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