

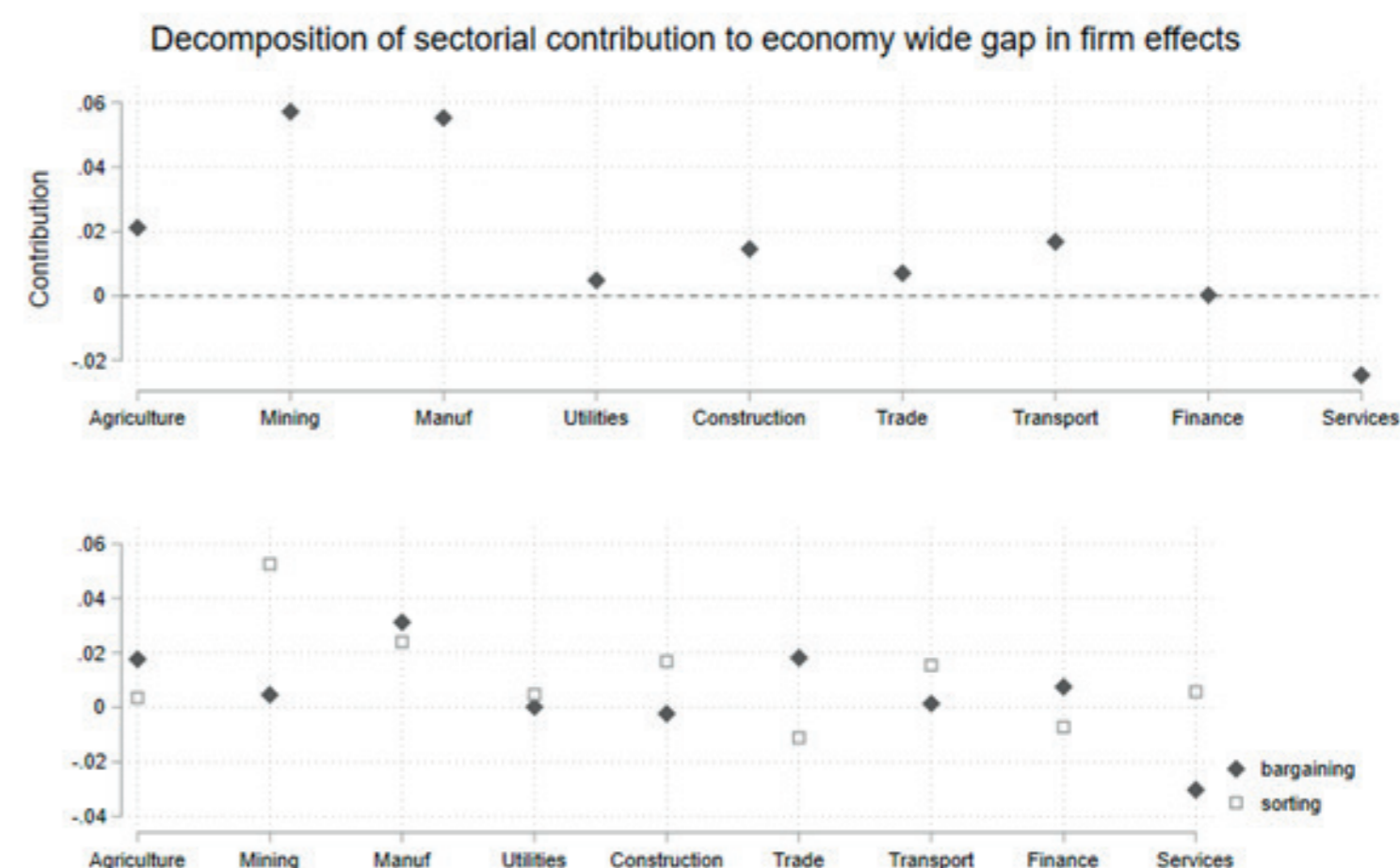
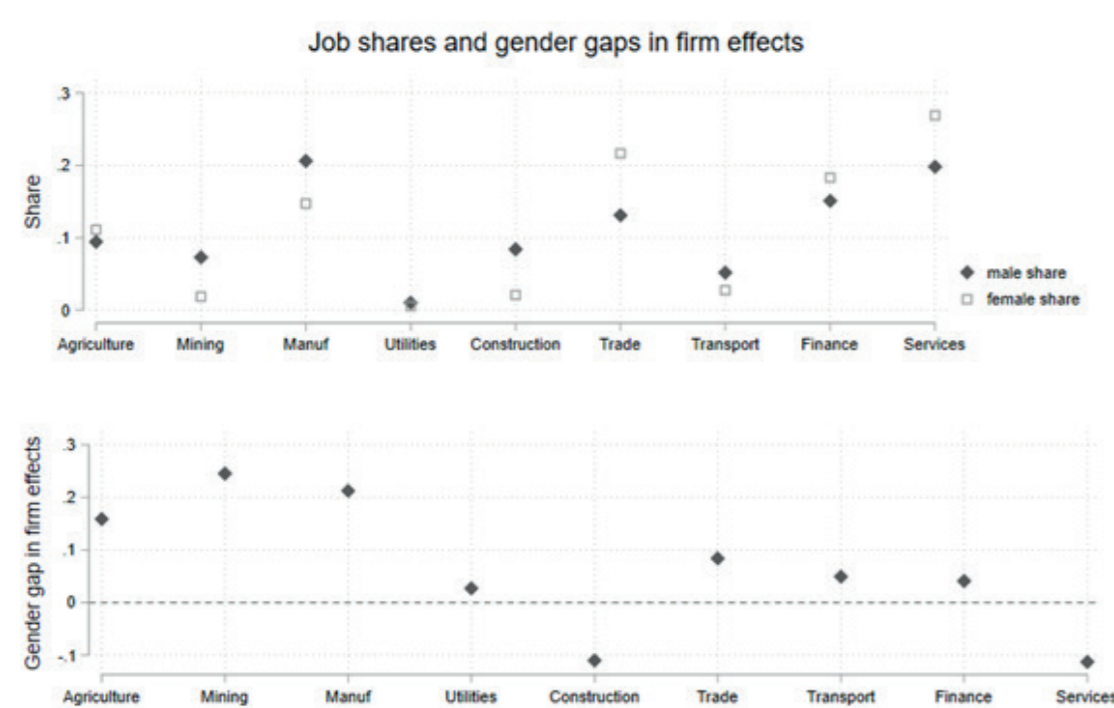
Inter Sectoral Structural Shifts and their Effects on Gender Gap in firm-Wage Premiums

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Objective

The gender gap in firm-wage premiums explains about 60% of South Africa's raw wage gap (Bassier, 2019). In South Africa, female jobs dominate the low-wage sectors, and this study aims to investigate the role of inter-sectoral structure change in the gender gap in firm-wage premiums.

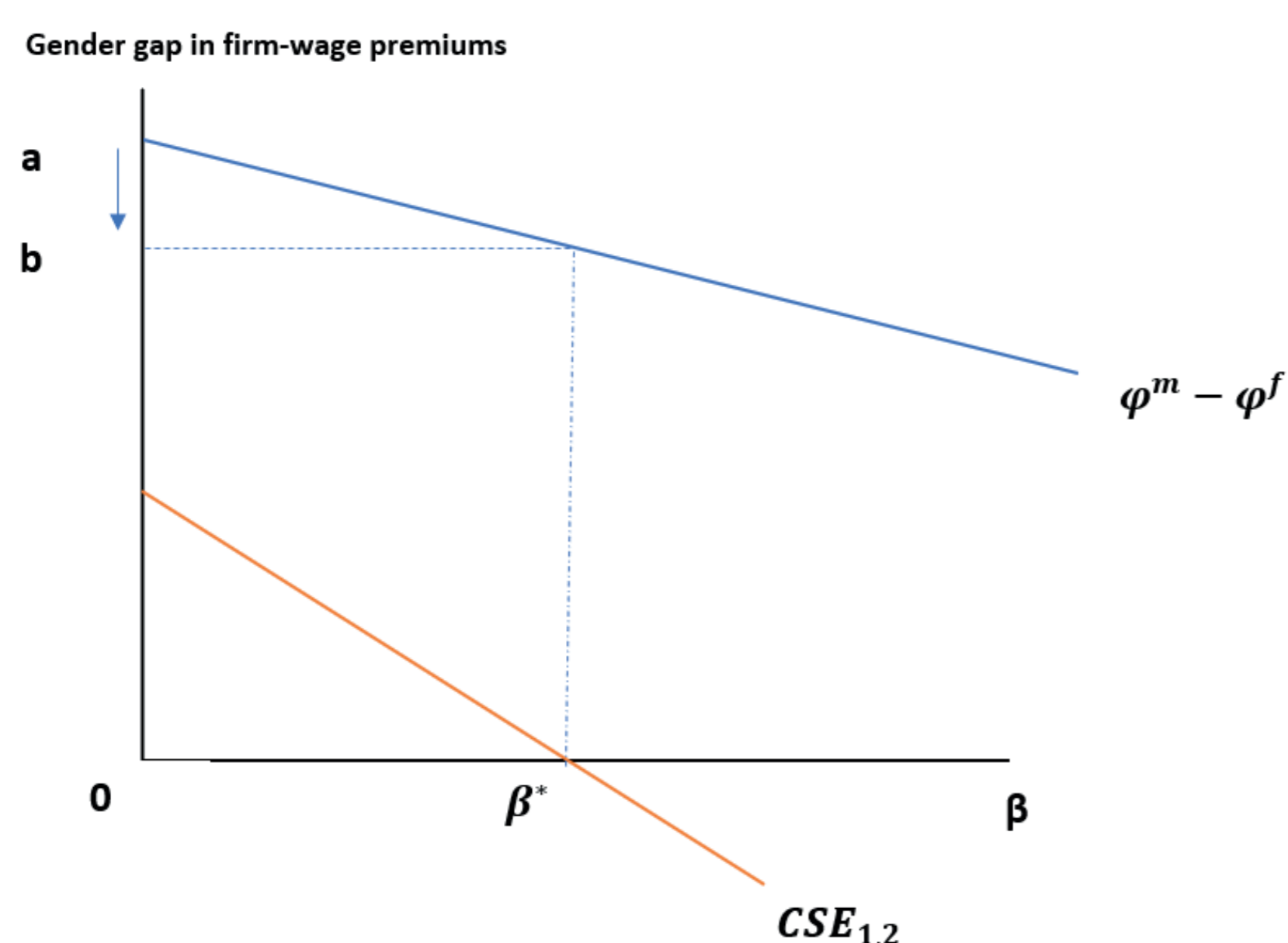


Methodology

We develop a two-sector shift share simulation model, based on the decomposition model by Card et al. (2016), to illustrate the effect of the re-distribution of female jobs across two sectors on the gender gap in firm-wage premiums.

$$CSE_{1,2} = (\theta^m_1 - (1 - \beta)\theta^f_1)\bar{\psi}^m_1 + (\theta^m_2 - (\theta^f_2 + \beta^f_1))\bar{\psi}^m_2 \quad (1)$$

$CSE_{1,2}$ is the combined sorting/inter-sectoral effects of sectors 1 and 2, β is the proportion of females moving from sector 1 to sector 2. θ^m and θ^f represent the shares of males and females respectively. $\bar{\psi}^m$ and $\bar{\psi}^f$ are the average firm-wage premium offered to male and female workers, respectively.

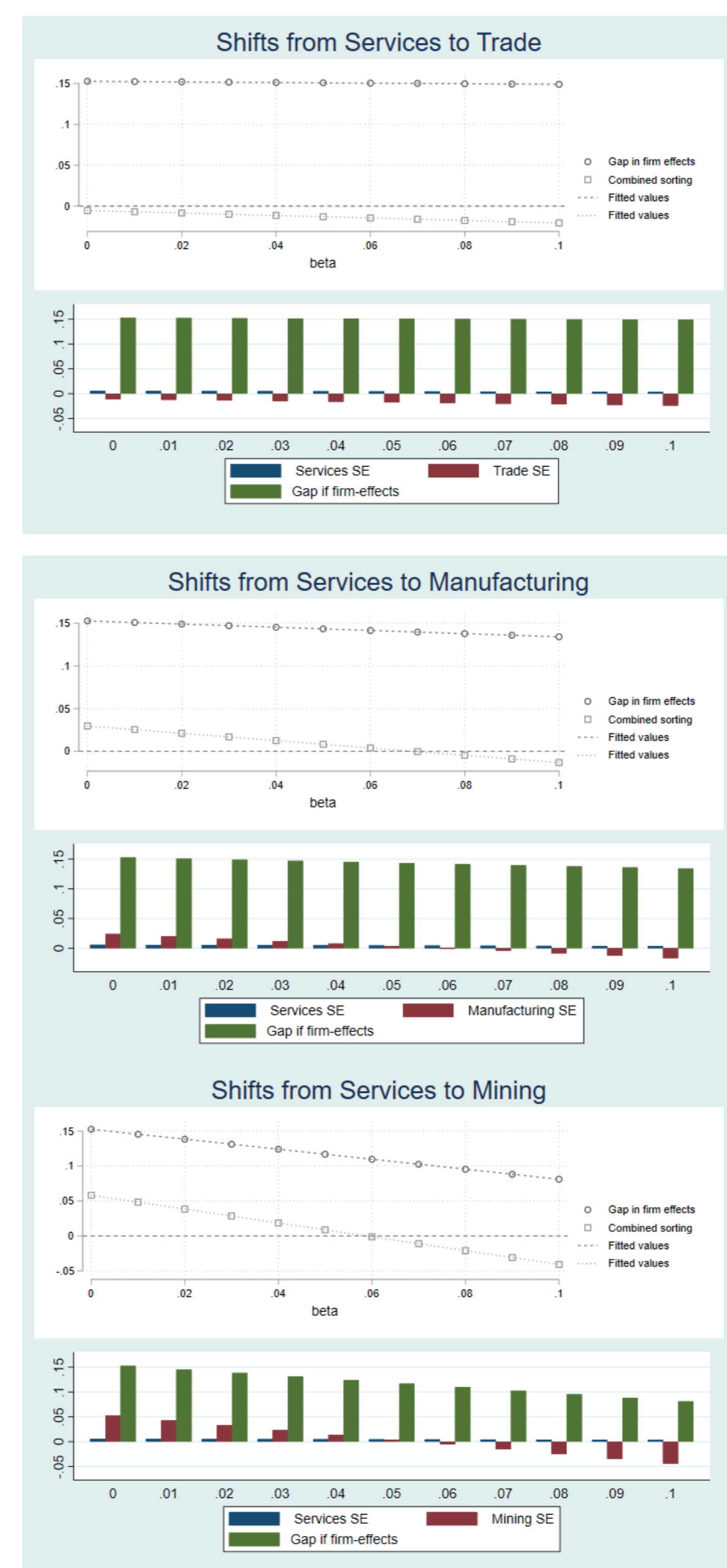


Results

The mining and manufacturing sectors primarily contribute to the gender gap in firm-wage premiums. The sorting effect drives the mining sector's contribution to the gender gap in firm-wage premiums. In contrast, the within-industry effect (Bargaining) also plays a role in the manufacturing sector.

Conclusion

The gender gap in firm-wage premiums decreases when the share of female jobs shifts from low-wage female-dominated sectors to high-wage male-dominated sectors. The rate of the decrease is relatively faster with shifts to the mining sector.



References

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- Bassier, I. (2019). The wage-setting power of firms: Rent-sharing and monopsony in South Africa (No. 2019/34). WIDER Working Paper