

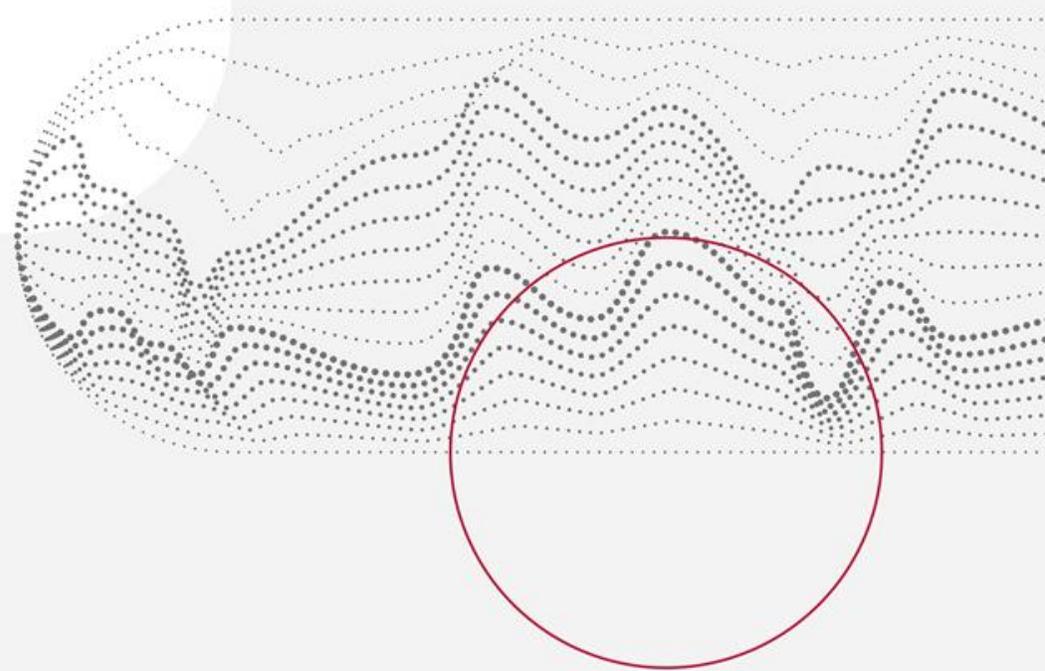
Gender wage gap in your workplace: does it matter when the firm was set up? The case of four European post-transition economies

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RESEARCH FOCUS AND RESEARCH QUESTIONS



The goal of the paper:

- to examine **how establishments shape the gender wage differentials** in selected post transition European countries

The main research questions:

- What is the role of firms and their characteristics in explaining gender wage inequality?
- Which firm characteristics are relevant and contribute to the gender wage gap?

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We focus on **4 post-transition countries**: PL, HU, CZ, SK

- Relatively low female participation rate, inflexibility (low share of part-time workers), and relatively high share of public sector
- **Transition to a market oriented economy**, with the consequence of many public institutions being privatized

INSTITUTIONAL SET-UP



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- We focus on the **firms' characteristics in terms of the changes that took place following the transition.**



Investigate how the timing in which the company has been set up affects its policies and consequently gender wage equality.

RESEARCH CONTRIBUTION



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- We distinguish between **private and public** institutions.
- We analyze these issues for **4 post-transition countries**, in which firms substantially differ in terms of firm level wage policies due to the relatively recent transition to a market-oriented economy.

THEORETICAL BACKGROUND AND HYPOTHESES



- Start-ups tend to pay lower wages, ceteris paribus. On average, wages in newly founded establishments are 8% lower than in similar incumbent firms (Brixy, Kohaut, Schnabel 2007).
- Firms that have been operating on the labour market for longer tend to pay higher wages (Haltiwange et al. 1999).

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- **New businesses** exhibit greater heterogeneity in earnings and productivity than mature businesses (Haltiwanger et al 2007) → **Greater GWG?**
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- In transition countries, **old firms** started operating before the market changes, and are likely to carry the legacy of the past (lower wage inequalities) → **Lower GWG?**
- **Old firms** have already gained their position in the market, and thus they do not need to compete as much as the new firms → **Greater GWG?**

DATASET AND VARIABLES



DATASET

2010 Structure of Earnings Survey – a large matched employer-employee database.

KEY VARIABLES

- Hourly wage – average gross hourly earnings in a given month
- Firm cohort/age – proxied by the maximum tenure of employees (Moriconi et al. 2012)
- Private firms in the oldest cohort (~firms aged 20+) are likely to represent firms that existed before the transition (as public firms) and have been privatized.

METHODOLOGY



- OLS wage regression with female dummy reflecting the unexplained GWG
- Individual level controls:
 - Age, education
 - Tenure, part-time status, occupations, co-workers characteristics (unobserved heterogeneity)
- Firm level controls:
 - Firm size
 - Firm age (proxy)
 - NACE sector,
 - Region
- Firm level controls interacted with female dummy → how firm characteristics contribute to GWG

RESULTS: descriptive statistics



	CZ	HU	PL	SK
No of firms	18 046	26 529	17 041	5 799
No of individuals	1 993 625	835 207	681 702	773 860
Average size	110	31	40	133
Distribution of workers across firm cohorts				
Age: 0-3	8%	16%	7%	7%
Age: 3-10	15%	23%	19%	27%
Age: 10-20	25%	24%	30%	37%
Age:>20	52%	37%	44%	28%
% private sector workers	75%	65%	63%	70%

RESULTS: OLS regressions



	CZ	HU	PL	SK
Female	-0,186***	-0,142***	-0,180***	-0,213***
Female * age0-3	0,168***	0,116***	0,027***	0,087***
Female * age 3-10	0,077***	0,054***	0,042***	0,054***
Female *age 20+	0,009*	-0,041***	0,029***	-0,017***

Controls: personal (age, education, tenure), job characteristics (occupation, PT,) firm characteristics (size, NACE), firm's age

RESULTS: OLS regressions, private sector

. | :

	CZ	HU	PL	SK
Female	-0,189***	-0,161***	-0,199***	-0,210***
Female * age0-3	0,180***	0,122***	0,041***	0,082***
Female * age 3-10	0,083***	0,059***	0,060***	0,064***
Female *age 20+	-0,057***	-0,068***	-0,042***	-0,06***

Controls: personal (age, education, tenure), job characteristics (occupation, PT,) firm characteristics (size, NACE), firm's age

ARE CEE COUNTRIES ANY DIFFERENT FROM WESTERN EU? . | :

OLS regressions, private sector

	Spain	Italy	Portugal	Sweden
Female	-0.160***	-0.143***	-0.227***	-0.094***
Female * age0-3	0.028*	0.043**	0.078***	-0.004
Female * age 3-10	0.013	0.018	0.021	-0.001
Female *age 20+	-0.022**	-0.009	-0.021	-0.013

Controls: personal (age, education, tenure), job characteristics (occupation, PT,) firm characteristics (size, NACE), firm's age

WHY IS THAT?



HYPOTHESES FOR FURTHER WORK

- Taste based discrimination & segregation in old firms operating in CEE (higher shares of women?)
- Competition hypothesis (old firms operating in CEE have strong market position and can afford discriminating?)
- Monopsony (price discrimination rather than taste discrimination → old firms in CEE employ mostly „old” female employees with lower power for wage negotiation)

CONCLUSIONS



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- Gender pay gaps are visibly lower among employees of younger firms, and higher among employees of older firms; the pattern holds strong for all countries

CONCLUSIONS



- We analyze the link between firms' age and the gender pay gap for 4 post-transition EU economies, 20 years after the transition.
- Gender pay gaps are visibly lower among employees of younger firms, and higher among employees of older firms; the pattern holds strong for all countries
- Segregation of employees does not seem to explain these cohort differences
- The pattern of GWG – firm's age link suits the competition explanation of firm level GWGs

Thank you!

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