

Gender wage gap in the workplace:

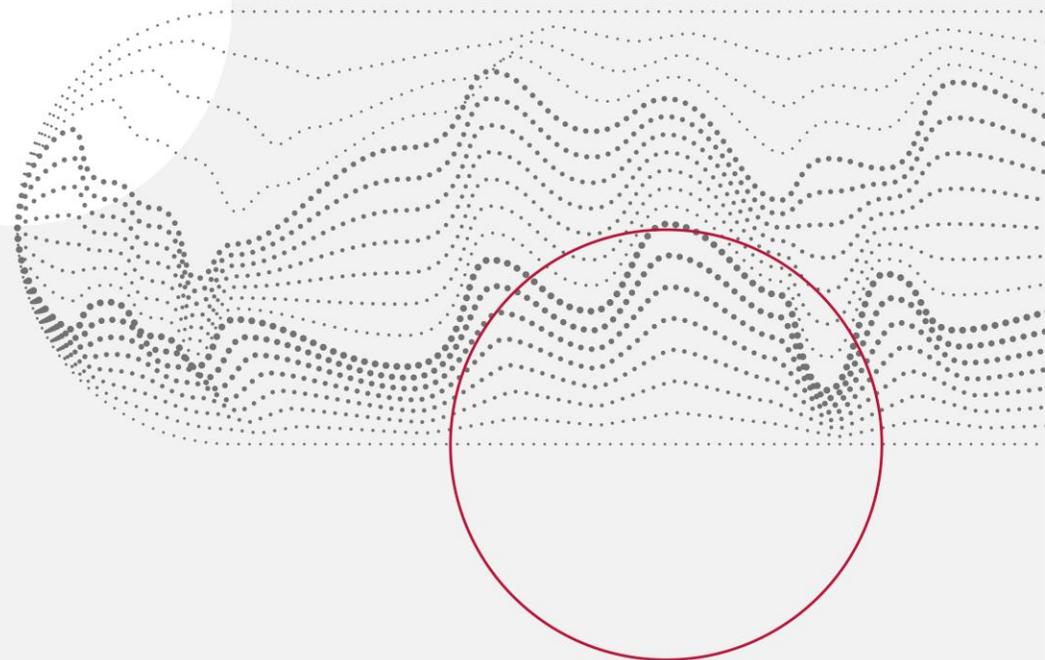
Does the age of the firm matter?

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RESEARCH FOCUS AND RESEARCH QUESTIONS



The goal of the paper:

- Add to the literature on **firm-level determinants of gender wage inequalities**

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- Does the firm ownership matter for the age-wage gap link?
- Are the links similar in CEE and WE countries for the older firms ?

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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 (Haltiwanger et al. 1999).

THEORETICAL BACKGROUND AND HYPOTHESES



- **New businesses** exhibit greater heterogeneity in earnings and productivity than mature businesses (Haltiwanger et al 2007) → **Greater GWG?**
- **New businesses** in order to stay on the market need to be competitive, and can't afford discrimination (Becker 1967, Black and Brainerd, 2004) → **Lower 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?**
- **Privatized old firms** – need to remain competitive → **Lower GWG than old public firms?**

DATASET AND VARIABLES



DATASET: 2010 Structure of Earnings Survey

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.

FOCUS on 4 post-transition countries (PL, CZ, HU, SK) + comparison with ES, IT, PT, SE

METHODOLOGY



- OLS wage regression with female dummy reflecting the unexplained GWG
- $\ln(w)_i = \alpha_0 + \alpha_1 female_i + \sum_k \alpha_k (female_i * firm_age_d_{i,k}) + \alpha X + \alpha Z + \varepsilon_i$
- **X** - Individual level controls:
 - Age, education
 - Tenure, part-time status, occupations, co-workers characteristics (unobserved heterogeneity)
- **Z** - Firm level controls:
 - Firm size; NACE sector, Region
 - Firm age (proxy - four groups: 0-3 years, 3-10 years, 10-20 years, and older than 20 years), interacted with female dummy

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	-0,173***	-0,107***	-0,162***	-0,167***
<i>Age10-20 (ref.)</i>				
Female * age0-3	0,177***	0,133***	0,046***	0,108***
Female * age 3-10	0,079***	0,059***	0,059***	0,059***
Female *age 20+	0,004	-0,050***	0,029***	-0,018

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	-0.174***	-0.139***	-0.169***	-0.176***
Female * age0-3	0.191***	0.134***	0.054**	0.100***
Female * age 3-10	0.085***	0.062***	0.071***	0.067***
Female *age 20+	-0.062***	-0.071***	-0.041***	-0.059*

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	-0.124***	-0.113***	-0.156***	-0.091***
Female * age0-3	0.050***	0.053**	0.089***	-0.003
Female * age 3-10	0.020*	0.025*	0.024	-0.000
Female *age 20+	-0.031***	-0.016	-0.029	-0.014

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

CONCLUSIONS



- Gender pay gaps are visibly lower among employees of younger firms, for all countries

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- In CEE a clear link : GWG increases with firm's age in private firms, but not evident in WE
- The CEE's GWGs highest in companies that were previously state-owned and were privatized during the transition

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- Gender pay gaps are visibly lower among employees of younger firms, for all countries – **competition theory?**
- What could explain higher GWGs in old (in particular privatized firms)? Why are they less likely to adopt equal wage policies ?
 - More **monopsonistic position on the market**, lower female labour supply elasticity than men's? (Manning 2003, Hirsch, 2016)
 - -> comparison of churning by gender & firm's age: similar in CEE & SE for firms <20 years, but in the oldest firms a larger share of women with long tenures in CEE, and of men in SE
 - More **discriminatory attitudes?** Older firms likely to have more traditional view of women's productivity at work

Thank you!

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