



Gender gaps across countries and skills: Demand, supply and the industry structure [☆]



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ABSTRACT

The comovement between gender gaps in hours and wages across countries and skills reveals the presence of net demand forces shaping gender differences in labor market outcomes. This paper links the rich pattern of variation in gender gaps to the process of structural transformation. Based on a stylized, multi-sector equilibrium model, we illustrate that the gender bias in labor demand can be decomposed into measurable within- and between-industry components. Using comparable micro data across countries, we find that international differences in the industry structure explain more than eighty percent of the overall variation in labor demand between the U.S. and all other countries in our sample, and roughly one third of the overall cross-country variation in wage and hours gaps.

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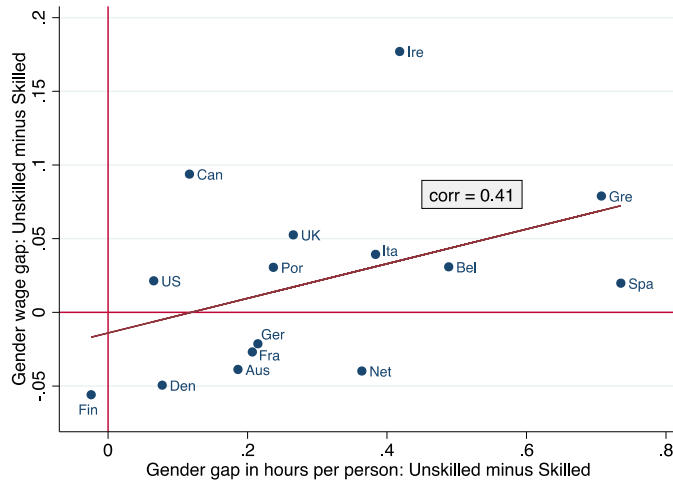
1. Introduction

Gender gaps vary widely across countries, and across levels of human capital within countries. To give an example, in the U.S., the U.K., and other countries in northern Europe, the gender wage gap is either rising with levels of education, or roughly flat, while in southern Europe gender wage penalties are largest among the unskilled. Large variations in wage gaps are accompanied by substantial variation in the corresponding gaps in hours per head.¹ In particular, gender gaps in hours everywhere fall with levels of education, but such gradient is highest in southern Europe and Ireland, where employment rates of unskilled women are lowest. This pattern of variation yields a positive cross-country correlation between the unskilled-to-skilled difference in the wage gap and the corresponding difference in the gap in hours per head (see Fig. 1). Based on a canonical labor supply and demand framework, positive co-variation in price and quantity differentials reveals the presence of net demand forces shaping gender differences in labor market outcomes across skills and countries.

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¹ Throughout the paper, gender gaps are defined as ratios (or log differences) of male to female outcomes.



Notes. Samples, sources and wage and hours gaps are defined in notes to Table 1.

Fig. 1. Gender gaps in wages and hours per person: unskilled-to-skilled differences.

Table 1
Gender gaps in wages and hours-to-population ratios.

Countries	(1) (log) Gender gap in wages		(3) (log) Gender gaps in hours per head	
	Unskilled	Skilled	Unskilled	Skilled
U.S.	0.286	0.265	0.321	0.255
Canada	0.243	0.149	0.315	0.198
U.K.	0.288	0.236	0.602	0.337
Finland	0.181	0.237	0.196	0.221
Denmark	0.103	0.153	0.269	0.191
Germany	0.227	0.249	0.600	0.386
Netherlands	0.211	0.251	0.850	0.486
Belgium	0.153	0.122	0.801	0.313
Austria	0.234	0.273	0.559	0.373
Ireland	0.259	0.082	0.825	0.407
France	0.174	0.201	0.495	0.288
Italy	0.082	0.043	0.758	0.375
Spain	0.202	0.182	1.090	0.355
Portugal	0.208	0.178	0.418	0.181
Greece	0.204	0.125	1.127	0.419

Notes. The skilled are those with a college degree; the unskilled are all others. Columns 1 and 2: Values displayed are gender differences in log wages by country and skill, using population weights. Columns 3 and 4: Values displayed are gender differences in log(hours/population) by country and skill, using population weights. Sample: men and women aged 25–54, excluding military, students, and self-employed. Sample period: 1994–2001, except for Canada (1997–2004), Finland (1996–2001) and Austria (1995–2001). Source: CPS (King et al., 2010), Canadian LFS, and ECHPS.

In this paper we exploit the skill dimension of gender gaps to draw new insights on the factors shaping gender inequalities across countries. We link the rich pattern of variation in gender gaps to the process of structural transformation, and investigate the role of differences in the industry composition of employment in shaping the structure of labor demand. Insofar as different industries employ a different mix of labor inputs, defined by gender and skill, we expect the industry structure to have an impact on gender gaps across countries and skills. In particular, our analysis shows that differences in the service share are an important determinant of the cross-country variation in women’s labor market outcomes.

We document gender biases in labor demand using comparable micro data across countries, and find that these tend to be larger, and to display more pronounced cross-country variation, for the unskilled than for the skilled. Based on a stylized, multi-sector equilibrium model, we show that the gender bias in labor demand can be decomposed into within- and between-industry components. Within-industry forces reflect differences in gender and skill intensities within sectors, including skill-biased technical change, changes in prices of other inputs, outsourcing, or discrimination. Between-industry forces reflect differences in the sectoral composition of the economy, where different sectors may have different skill and gender intensities, and may be driven by differences in product demand, in sector-specific productivity growth, in the extent of marketization of home production, or international trade.

We find that in most countries the gender gap in labor demand, relative to the U.S., is higher for the unskilled than for the skilled, with the important qualification that in southern Europe labor demand differences with respect to the U.S.

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