

Berlin Applied Micro Seminar

Field of study, selection, and the gender pay gap

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Abstract:

How would the gender wage gap look if we narrow the differences between women and men when it comes to field of study? Women have caught up and are now taking over men in levels of schooling. The gender wage gap has also narrowed, but not converged and has been relatively stable for the last 15 years. But while the years of schooling gender gap has mostly disappeared, there is still a large and stable gap in the fields of study that men and women attend. This paper studies the role of field of study in explaining the remaining gender wage gap. Standard Oaxaca-Blinder decompositions make direct comparisons of wages across gender within fields and are potentially biased because of omitted variables. Discontinuities in the Norwegian higher education application system allows us to compute counterfactual decompositions to estimate to what extent the gender gap is explained by differences in fields. Demand factors can also lead to biases if returns are lower for women than for men (reverse causality). In a second part we investigate this hypothesis by extending our decompositions to investigate how selection on returns affects the wage gap relative to the counterfactual.