Exporters and the Gender Wage Gap: Evidence from South Africa

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Motivation

- Closing the the gender wage gap (GWG) is an important tool for economic development.
- Trade affects the gap through a variety of channels, e.g.:
  - It shifts resources into male/female-intensive sectors which changes labour demand.
  - It increases competition which decreases the scope for discrimination.
- Recent research by Boler et al. (2018) introduces a new channel:
  - Exporters require more flexibility from their employees since they deal with customers/suppliers across different time zones necessitating long office hours and last-minute travel.
  - As women are perceived to be less flexible, this implies that exporters have a larger GWG.
  - This new channel is shown to be quantitatively important in the case of Norway as exporters account for the majority of employment.

This paper

- Using employer-employee matched data from South Africa, we test whether the flexibility gap channel also drives the GWG in a developing country context, i.e. whether trade widens the GWG.
- We hypothesize that the flexibility channel might be counterbalanced by a FDI channel: foreign firms from relatively more equal societies transplant their corporate culture and pay structure.
- We find no difference between gender wage gaps in trading firms and non-trading firms in South Africa.
    - The unconditional GWG in SA manufacturing in our sample is 44%. For trading firms, it is only 35%.
    - Once we control for observable and unobservable employer and employee characteristics, there is no difference between trading and domestic firms.
- In line with our hypothesis, the counterbalancing effect is strongest in firms that both export and import, a crude proxy for FDI.

Next steps

We plan in the next weeks to confirm our results by

- Using additional info in the employer data to better identify foreign owned firms.
- Using alternative definitions of trading statuses.
- Using information on trade partners to see whether the level of gender equality of the partner affects the results.
- Using a series of further robustness checks by limiting our sample based on age, income etc.