Gender Wage Gap: Discrimination or Different Preferences of Men and Women? A Case Study of Ostrava, Czech Republic

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ABSTRACT
This paper was written as a part of a research project studying problem of wage determinant measuring and wage discrimination considering different wage requirements of men and women. The wage determinants and gender wage discrimination are analyzed using a probit model. The whole analysis is methodologically based on Mincer’s Wage Regression and Oaxaca-Blinder decomposition of gender wage gap. The wage variables include, aside from standard personal characteristics, dummies for institutional and firm characteristics and dummies for family status and family roles. The data were gained by a questionnaire survey carried out in Ostrava city. The results of the analysis, representative for the city, show statistically significant differences between wage determinants of men and women. The survey concluded in 2 statements: (1) family role is an important wage determinant and its inclusion to Mincer’s Wage Regression leads to better explanation of wages; and (2) including family characteristics in Oaxaca-Blinder decomposition can significantly reduce unexplained part of gender wage gap, i.e., a part of a wage difference usually ascribed to gender wage discrimination can be explained by different preferences of men and women on a labor market.

Keywords: Oaxaca-Blinder Decomposition, Human Capital, Mincer’s Wage Regression, Role in a Family, Wage Determinants, Wage Discrimination

INTRODUCTION
Measuring of wage determinants and gender wage discrimination makes one of the core parts of the labor market analysis. Under the assumptions of the ideal competition, wage should reflect a value of human capital. The standard approach to the wage determination measurements is called Mincer’s Wage Regression in which Mincer (1974) put the relation between human capital and wage into a wage equation. This equation later became methodical base for the simulations of the wage determinants.

There were more sophisticated theories (e.g., Dickens & Katz, 1987; Krueger & Summers, 1988) created during the time that...
modified Mincer’s Wage Regression adding the work status characteristics (work position, working hours, type of contract, qualification requirements) firm characteristics (firm size, private or public firm, branch), institutional characteristics (legal employment protection, minimal wage), and regional factors which are nowadays covered by the term wage determinants. The influence of these determinants then causes the wage differences.

If the wage differentiation is not explained by objective wage determination characteristics, it is marked as wage discrimination. Wage discrimination is considered unacceptable in democratic societies since it attacks principles of social equality. There also exist many papers covering some related problems influencing an extent of discrimination, such as lower women’s IT adoption in comparison with men (Joseph & Mukhopadhyay, 2010) or the difficulties they face aspiring to get to higher managerial positions or to enter science and technology fields (Hackbarth et al., 2010). Time gave birth to many theories and empirical studies that tried to define an extent of the wage discrimination not only according to the gender but also according to the race or nationality. These factors are, nevertheless, not relevant in the case of Ostrava city. They use mainly Oaxaca (1973) and Blinder (1973) method, partly also Juhn, Murphy, and Pierce (1993) method that are both based on decomposition of wage differences. No economic studies, however, have worked with the sociological aspect of different requirements of men and women for their wage height. According to some sociological studies (Dudova et al., 2007; Haskova et al., 2003; Krizkova, 2006; Moe, 2003) the unexplained differences in wages need not to be caused by discrimination but different preferences on the sides of men and women, especially in connection with existence of a family. General (gender) schema emphasizes “caring person type” and “family breadwinner type” that in majority of cases corresponds with the simple gender division. However, in case of a one-parent family, the shift in pattern is marked. Men start to tend to caring type (part-time jobs, lower-paid jobs, etc.), women then to material support of a family (full-time jobs, higher wages). In case of nonexistence of a family, these differences disappear. The role of a person in a family can then be understood as one of a wage determiner which by including into the Mincer’s Wage Regression may lead to better explanation of a different wage height and wage differences between men and women.

The aim of this paper is the analysis of wage determinants and wage discrimination in the city of Ostrava, based on modified Mincer’s Wage Regression and decomposition of wage differences based on Oaxaca and Blinder method, while there is special attention paid to the importance of family roles and family status according to the mentioned social study hypothesis.

**WAGE DETERMINATION AND WAGE DISCRIMINATION MEASURING**

Mincer’s approach that is usually used for wage determinant measuring is based on human capital theory where single personal characteristics are reflected. This theory sees the wage to be determined by quality of education, general working experience, specific working experience already gained in working process, and other qualities free of education and working experience. Empiric literature (Ashenfelter, Layard, & Card, 1999) proved the validity of Mincer’s wage function in basic and modified versions also in countries with different institutional structure. The ratio of education and working experience for explanation of wage differences differs from country to country and moves from 30% - 50%.

There exist numerous studies using Mincer’s Wage Regression for defining wage differences on the Czech and Slovak labor market. Detailed analysis was introduced by e.g., Filer, Jurajda, and Planovsky (1999). The rate of return of investment into the education was between 6.5% - 9.0% in 1997, and was reaching higher figures than e.g., Planagan...
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