Exporters and the Gender Wage Gap: Evidence from South Africa

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Motivation

• Closing 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.