

UNEXPLAINED WAGE GAPS IN THE TRADABLE AND NONTRADABLE SECTORS: CROSS-SECTIONAL EVIDENCE BY GENDER IN BOLIVIA

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ABSTRACT

This document analyzes the gender wage gap between tradable and non-tradable sectors. The tradable sector is defined by the value of exports and imports in an industry based on the four-digit codes of the International Standard Industrial Classification. Based on Gary Becker's work, in an economy prone to discrimination against women, the document proposes a model from which discrimination is possible if companies generate supra-normal profits. These benefits will be determined by market power, which in turn depends on the number of companies participating in the industry, so under the assumption that tradable sectors are directly influenced by international trade and with the possibility of greater competition, this competition will generate a trend towards normal benefits, making it impossible to finance discrimination against women, so the wage gender gap should be lower in tradable than non-tradable sectors. Using the traditional Oaxaca-Blinder decomposition and the Oaxaca-Blinder decomposition with Recentered Influence Function (RIF) regressions for the 2013 Household Survey, we find that unexplained wage differences against women are significantly lower in the tradable sector, suggesting that the impact of international trade on the tradable sector helps to reduce the gender wage gap in Bolivia.

Keywords: Bolivia, Decomposition, Gender, Inequality, Oaxaca-Blinder, RIF Regression, Wage.

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