

# The Impact of Firms on the Relative Pay of Women Across Countries

Marco G. Palladino, Antoine Bertheau, Alexander Hijzen, Astrid Kunze, Cesar Barreto, Dogan Gülümser, Marta Lachowska, Anne Sophie Lassen, Benjamin Lochner, Stefano Lombardi, Jordy Meekes, Balazs Murakozy

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We document the contribution of firm-specific pay premiums on the gender wage gap using matched employer-employee datasets from the US and Europe. We exploit longitudinal data on the hourly wages of workers linked with income statement information for firms. We find that the impact of firms on the relative pay of women greatly differs across countries. It corresponds to two-thirds of the hourly gender wage gap in Hungary and the US, but less than one-third in France and Sweden. The contribution of firm-specific wage premiums in Denmark and Portugal are in between. Card, Cardoso, and Kline (2016) show that pay premiums contribute to the gender wage gap if women are less likely to work at high-paying firms (sorting) or if women are less likely to receive the same wage than men in the same firm (bargaining). We find that the role of both components varies greatly across countries. In Hungary and Denmark, the bargaining component dominates, while in Portugal, the sorting component dominates. In France, the US, and Sweden, the bargaining and sorting components matter equally.

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