

## **Does motherhood explain lower wages for females in Macedonia?**

**Blagica Petreski**

Finance Think – The Economic Research & Policy Institute - Skopje

Frederik Shopen 1/2

1000 Skopje

Macedonia

E-mail: [blagica.petreski@financethink.mk](mailto:blagica.petreski@financethink.mk)

### **Non-technical summary**

The objective of the analysis is to find out the size of the motherhood wage gap in Macedonia, i.e. if and to what extent mothers are differently paid than childless women. The paper also opts to discover the potential contribution of motherhood for the gender wage gap in Macedonia for childbearing-age population. We conduct the analysis by guessing the wages of the inactive and unemployed persons in the sample, based on some observable characteristics like education and age, only if they fall below or above the gender-specific median wage. Once we have all persons in the sample with the actual or an assigned wage, we calculate the gender and motherhood wage gaps. We do this to avoid the problem that females who are outside employment may be different in particular characteristics and attitudes compared with females who are in employment, i.e. we would like to resolve the potential problem of selection bias. The Survey of Income and Living Conditions (2010) is used.

The main finding is that employers in Macedonia commit discrimination against women in general, penalizing their wage by about 7-8% compared to men. In other words, female wages are on average lower than male ones by about 7-8% of males' average wage. Selection has been found to explain about 60% of the existing gender wage gap. This finding suggests that indeed there is negative selection of females into employment: those with not-the-worst characteristics are outside the labor market. On the other hand, mothers' wage is not penalized, i.e. the motherhood wage gap does not exist and, hence, does not contribute to explaining the gender wage gap in Macedonia. Any wage differential between mothers and childless women could be entirely explained by observable characteristics, like education, age and experience.

The analysis by deciles suggests that the gender wage gap, after workers' characteristics and selectivity has been considered, exists along the entire wage distribution, with potentially declining size at workplaces paying higher wages, and vanishing for the highest-paid jobs. At each decile, generally small portion of the gender wage gap could be attributed to the education, age, experience and marriage. On the other hand, results suggest that the existent difference in the wages between mothers and childless women could be entirely, if not overly, explained by characteristics, at any point of the wage distribution.