

Abstract

Highly female occupations typically offer low pay. Although occupational gender segregation is a leading explanation for the gender wage gap, its effects are not fully understood. In this paper, we use a 1995 sample of social-security wage records of full-time German workers to show that, in East Germany, predominantly female occupations actually pay more to both men and women and that no relationship exists between occupation-specific concentration of women and wages in West Germany. Relying on workers who change occupations to condition fully on unobservable skills, we find a negligible wage impact of segregation. These findings are consistent with the imposition of high wage levels in East Germany at the outset of reforms and the selection of mainly high-skill women into employment. Linking our results with evidence from the US and post-communist countries suggests an important role for the participation of low-skill women in employment for the observed wage penalty to female occupations.

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