

Child Wage Determination in Bangladesh: Compensating Wage Differentials among Child Workers

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Abstract

This paper estimates the child wage equation to provide evidence that there are compensating wage differentials among child workers. Using the data on children working in establishments in rural and urban Bangladesh, we find that children put in unfavorable working conditions receive higher wages than their counterparts, indicating that adverse effects of unfavorable or even dangerous working conditions on children or their parents are compensated for by higher payment to children. From another standpoint, employers set wages higher to hire children who accept unfavorable working conditions. This finding is interesting because the estimated wage premium related to dangerous working conditions represents the allowed costs of improving the working conditions and making a good working environment for child workers.

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