

Capital-Gender Complementarity and Wage Inequality: Evidence from OECD Countries

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Abstract

The male-female wage gap has fallen, while the skilled-unskilled wage gap has risen, over recent decades in many countries. The male-female wage gap has tended to fall more for unskilled than skilled workers. The skilled-unskilled wage gap has tended to rise more for male than female workers. To account for these trends, we develop an aggregate production function extended to allow for gender-specific capital-skill complementarity, and estimate it using cross-country panel data from OECD countries over recent decades. Our results suggest that information and communication technology equipment is not only more complementary to skilled than unskilled workers but also more complementary to female than male workers. Changes in gender and skill wage premia are attributed to a rise in information and communication technology equipment and female and skilled workers.

KEYWORDS: Gender wage gap; skill premium; capital-skill complementarity; information and communication technology; production function.

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