The Marriage Wage Gap

AN ANALYSIS OF MARITAL STATUS AND GENDER RELATED DISPARITY IN WAGE

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Abstract

The ability of most women to have children likely fundamentally alters the opportunity cost of a career for women compared to men. In consideration of the unique tradeoffs and choice-sets facing women with respect to employment and motherhood, I seek to investigate the correlations that exist between marital status of gender groups and earnings. Statistical evidence of significant earnings differentials between single women and married women, as well as married women and married men, is presented and briefly analyzed, supporting the notion that the employment and career ambitions of women are distorted by the likelihood of becoming a mother, whether desired or not, and thus average earnings are negatively affected.

Introduction

A commonly reported estimate of the wage gap between men and women in the literature is 23% (Goldin). Although this overall average difference has been replicated by many others and is likely an accurate reflection of the reality of average differences in earnings for men and women, it is important to remember that this is the average difference for two generalized groups composed of diverse members differentiated by a single characteristic. The information revealed by such a broad comparison is useful, but the lack of specificity in differing characteristics of men and women limits the explanatory power of the information and reveals little about the factors driving differences in measured average earnings.

Considering the natural anatomical differences between men and women it follows that further distinctions be drawn to observe differences between members of each gender group. The ability of most women to have children likely fundamentally alters the opportunity cost of a career for women compared to men. The time and education required to become an executive, for example, is considerable. Facing the most scarce resource of all, time, women may opt-out of the types of careers that demand intense investment and sacrifice, the types accompanied by large salaries, with the understanding that such effort might be a waste if they choose to abandon it all to have children and care for families. The "dual burden" of caring for the family and maintaining a full-time job imposes constraints on the types of employment that women can engage in. As described in a 2007 report entitled *Women Matter* by McKinsey & Company, "The dominant model in the business world (or the one perceived as such) equates leadership with unfailing availability and total geographical mobility at all times…This model also presupposes a linear career path, with no space for career breaks or the rejection of a geographical mobility offer." The incompatibility of the "dual burden" with the inflexible scheduling and location demands of high-level management positions necessarily excludes many women who desire a family and a career from such jobs.

In consideration of the unique tradeoffs and choice-sets facing women with respect to employment and motherhood, I seek to investigate the correlations that exist between marital status of gender groups and earnings. Marital status for women is used as an indicator of the likely expectancy of having children. The National Center for Marriage & Family Research at Bowling Green State University reports that 94% of married women ultimately have children (Reyes). A woman with only the mere expectation of having at least one child at some point in life may significantly alter the trajectory of her employment aspirations and opportunities, and consequently her earnings, with the foreknowledge of intended motherhood status. Actual motherhood status is expected to have little impact on the earnings of a woman, as the employment choices made by a woman with the expectation of being a mother are made ex ante. My preliminary research was indicative of this, as the impact of being a mother on earnings for women

was statistically and economically insignificant. Given the behavioral distortion of women who are or intend to be married with respect to employment and children, using marital status for women serves as an appropriate and reliable explanatory variable for a determinant of wage.

In the next section I will provide an overview of the model specification and discussion of variables used. Next I will present some descriptive statistics and a brief analysis of the results. Presentation of empirical research results will follow and I will conclude with a summary of the research and findings.

Model

Overview

The model developed uses a log-level functional form to estimate the marginal relative differences in log wages attributable to individual characteristics of workers. It includes a quadratic term to capture the diminishing returns of age and experience to wage, as well as an interaction term for married women to isolate impact on wage.

$$lwage = \beta_0 + \beta_1 \cdot age + \beta_2 \cdot agesq + \beta_3 \cdot degree + \beta_4 \cdot wkhp + \beta_5 \cdot citizen + \beta_6 \cdot married + ¿$$

$$\beta_7 \cdot female + \beta_8 \cdot femmar + \beta_9 \cdot femdeg + \beta_{10} \cdot racasn + \beta_{11} \cdot racblk + \beta_{12} \cdot racwht + \beta_{13} \cdot hispanic$$

$$+ \beta_{14} \cdot y2009 + \beta_{15} \cdot y2010 + \beta_{16} \cdot y2011 + \beta_{17} \cdot y2012 + \epsilon$$

Variables

Descriptions of the variables used and expected signs of their estimated coefficients are given below in Table 1 and explored in detail in this section.

Table 1: Variables, definitions and expected signs

Variable	Definition	Expected Sign
Dependent Variable		
LWAGE		
Independent Variables		
AGE	Age of individual	Positive
AGESQ	Age squared	Negative
DEGREE	1 if college degree, 0 if not	Positive
WKHP	Reported usual number of hours worked per week	Positive
CITIZEN	1 if U.S. citizen, 0 if not	Positive
MARRIED	1 if married, 0 if not	Positive
FEMALE	1 if female, 0 if male	Negative
FEMMAR	1 if female and married, 0 otherwise	Negative
FEMDEG	1 if female and has college degree, 0 if otherwise	Unknown
RACASN	1 if Asian, 0 if not	Unknown
RACBLK	1 if black, 0 if not	Negative
RACWHT	1 if white, 0 if not	Positive
HISPANIC	1 if Hispanic, 0 if not	Negative
Y2009	1 if observation from 2009, 0 if not	Unknown
Y2010	1 if observation from 2010, 0 if not	Unknown

Y2011	1 if observation from 2011, 0 if not	Unknown
Y2012	1 if observation from 2012, 0 if not	Unknown

age and *agesq*

Age and *agesq* are the age and the square of the age of the individual. They are included as a proxy for experience. *Agesq* is used to permit the capture of diminishing returns to work experience. I expect the coefficient for *age* to be positive and that for *agesq* to be negative. Increased work experience should increase the earnings of a worker, on average, given the additional skills and abilities that accompany more experience. At a certain point the returns to experience diminish and *agesq* is used to capture this effect on earnings.

degree

This is an indicator variable used to denote whether or not the individual has a college degree. A degree is defined as an associate's, bachelor's, master's, professional or doctorate degree for the purposes of this analysis. The expected sign of this coefficient is positive as the sheepskin effects of a degree on wage are well documented in the literature and shown to yield greater average earnings.

wkhp

The reported usual number of hours worked per week by the individual. The expected sign is positive as hourly wage earners will earn more with each additional hour worked. Salaried positions tend to be "better" jobs with greater pay but they also usually require at least 40 hours of work per week, thus yielding a positive correlation with average earnings.

citizen

A dummy variable to indicate whether or not the individual is a U.S. citizen. The ability to work legally in the United States is likely an important determinant of the wage a worker receives. Workers without valid legal work status are likely to receive a discounted wage for a number of reasons, but the two most significant reasons are probably the risk associated with employing a person who is not legally allowed to work and the ability of employers to exploit these types of workers. As such, it is important to control for citizenship status given the demographics of a southwestern state like Nevada where there are many migrant workers. The expected sign of the coefficient is positive.

married

An indicator variable used to denote whether or not the individual is married. It could be argued that a married person is likely to be more geographically stable and therefore have a lower probability of leaving a job. A presumption of maturity is often associated with marriage because it signifies that an individual has decided to "settle down." Life decisions are likely to be less significant and more calculated with respect to

employment for a married individual since the decision affects the spouse and children (if present). Because of these characteristics the person may hold a position with an employer for an extended period of time resulting in increased earnings due to tenure and experience. The vested interest of the married individual may also be greater due to their role as a provider, leading to greater dedication to the job and thus greater earnings. Unattached people may be uncertain about their career choice or eager to seek employment in new places making them more likely to leave a given job thus discouraging employers from paying a premium in exchange for a level of certainty about continued employment. The expected sign is positive.

female

A dummy variable to indicate the gender of the individual. Given the existing evidence of a wage gap between men and women I expect the sign of this coefficient to be negative. Past discrimination against women resulted in limited opportunities to develop levels of human capital similar to those of men, resulting in lower average earnings for women relative to men. However, women are considered to have caught up to men with respect to education and work experience yet the wage gap persists. Continued limitations for women may exist due to their role as family caretakers (ie. the "dual burden"), preventing them from reaching higher level positions and earning greater wages.

femmar

An interaction variable equal to the product of the values of *married* and *female*. Married women may be more likely to shoulder the "dual burden" in order to care for their spouse and children (if they are mothers), balancing work with caring for the home and family. Also, due to lingering effects of cultural norms and societal expectations regarding the roles of women, particularly married women, many may be secondary earners in the household, working to supplement the income of their spouse. As a secondary earner the intensity of the work may be reduced and therefore associated with lower earnings than those of the spouse. The expected sign of the coefficient is negative.

femdeg

An interaction variable equal to the product of the values of *female* and *degree*. This variable is used to capture the specific returns to a degree for women. The expected sign is ambiguous as the return to education should arguably be the same for men and women.

racasn, racblk and *racwht*

Indicator variables used to denote the race of the individual. This is used to control for effects of race on wage regardless of gender or marital status, as it likely plays a role in determination of wage given lingering and persistent effects of racial discrimination in the United States. The expected sign for *racasn* is ambiguous, while those for *racblk* and *racwht* are negative and positive, respectively.

hispanic

A dummy variable indicating whether or not the respondent is of Hispanic origin. Considering the large number of people of Hispanic origin in Southern Nevada this variable is used to control for discrimination based on Hispanic ethnicity. The expected sign is negative.

y2009, y2010, y2011 and *y2012*

Because the sample spans five years it is necessary to include a set of fixed time effects variables to isolate the other independent variables from unobservable determinants that would affect estimates. These variables indicate which year the observation occurred in. The expected signs are ambiguous.

Descriptive Statistics

The data used are from the 2008-2012 American Community Survey 5-Year Public Use Microdata Sample for the State of Nevada, consisting of 131,537 observations. Of these, only 64,079 observations were used in the analysis because they contained values for all necessary variables specified in the model. The survey data include observations of dependents and non-working individuals, so these observations cannot be used.

The means of selected variables are provided below in Table 2 for different groups. The average log-wage for all observations is 10.14, with that for men being greater than that for women. The difference between men and women is roughly 28%. The average age for the cohort is nearly 41 years, with women being slightly older than men. Approximately 27% of the individuals have a college degree. 30% of women have a degree while only 25% of men have a degree.

Table 2: Means

Variable	All	Male	Female
LWAGE	10.14524	10.27587	9.991259
AGE	40.82975	40.71463	40.96545
AGESQ	1861.815	1850.92	1874.657
DEGREE	0.295804	0.276588	0.318454
WKHP	38.61534	40.25686	36.68043
CITIZEN	0.861528	0.843755	0.882479
MARRIED	0.496652	0.514297	0.475854
FEMALE	0.458984		
RACASN	0.092599	0.080239	0.107167
RACBLK	0.082493	0.077264	0.088657
RACWHT	0.762447	0.776545	0.74583
HISPANIC	0.243302	0.259413	0.224311

The average hours worked per week is just over 38. For men the number of hours per week jumps to just over 40 and for women the average is around 36. Roughly 86% of individuals claimed to be citizens of the United States, with more women reporting U.S. citizenship status than men at 88% and 84%, respectively. Almost 46% of the individuals are female. Major racial categories reported include Asian, black, and white. Approximately 9% are Asian, 8% are black and 76% are white. Roughly 24% of the respondents reported being of Hispanic origin.

Table 3 to the left presents the means of *lwage* for various groupings of observations based on gender and marital status. The results are listed in descending order from largest to smallest. Married men exhibit the greatest average earnings of all the groups, with all married individuals and all men following. Of particular interest are the average earnings of single people, whether male or female, which are the lowest of all groups.

Table 3: Mean Wage by Selected Group

Category	lwage	Std. Err.
Married Men	10.56115	0.008844
All Married	10.36959	0.007778
All Men	10.27587	0.007141
Married Women	10.12556	0.011033
All Women	9.991259	0.007719
Single Men	9.973793	0.010149
All Single	9.923866	0.007489
Single Women	9.869332	0.010412

A matrix of differentials for the *lwage* means (with standard errors in parentheses) is presented below in Table 4. The groups with the largest differences are Married Men/Single Men (58%), Single Women/Married Men (69%), Married Women/Married Men (43%), All Single/Married Men (63%), Single Women/All Men (40%), All Married/Single Women (50%) and All Married/All Single (44%). Six of these seven groups are comparisons of married versus single observations, while only one is a strict gender comparison. The recognition of this fact reveals that much of the disparity in wage is attributable to differences in marital status, with gender playing a role of interaction and augmentation. This can be seen in the group comparisons of Single Women/Married Men and Married Men/Single Men. There is a large difference between single women and married men of 69%, but there is an equally large difference between married men and single men of 58%. Strict disparity due to gender would suggest that the difference between married men and single men not be that large, but this is not the case. In fact, the difference between single men and single women is roughly 10%, while the difference between each of these groups relative to married men is also roughly 10%, meaning that single men are as equally worse off as single women relative to married men. The mere "virtue" of being a man does nothing to offset the increase associated with being married, suggesting that gender is not as significant a determinant of wage as the results of strict gender comparison would lead one to believe.

Table 4: Matrix of lwage Mean Differentials

	Single Men	Married Men	All Men	Single Women	Married Women	All Women	All Single	All Married
Single Men	0							
Married Men	0.5874 (0.01346)	0						
All Men	0.3021 (0.01241)	-0.2853 (0.01137)	0					
Single Women	-0.1045 (0.01454)	-0.6918 (0.01366)	-0.4065 (0.01263)	0				
Married Women	0.1518 (0.01499)	-0.4356 (0.01414)	-0.1503 (0.01314)	0.2562 (0.01517)	0			

All Women	0.0175 (0.0127 5)	-0.5699 (0.0117 4)	-0.2846 (0.0105 2)	0.1219 (0.0129 6)	-0.1343 (0.0134 6)	0		
All Single	-0.0499 (0.0126 1)	-0.6373 (0.0115 9)	-0.3520 (0.0103 5)	0.0545 (0.0128 3)	-0.2017 (0.0133 3)	-0.0674 (0.0107 5)	0	
All Married	0.3958 (0.0127 9)	-0.1916 (0.0117 8)	0.0937 (0.0105 6)	0.5003 (0.0130 0)	0.2440 (0.0135 0)	0.3783 (0.0109 5)	0.4457 (0.0108 0)	0

A particularly interesting differential is that of married men and married women. Married women, on average, earn 43% less than married men. This is much greater than the difference of 10% between single men and single women, suggesting that the joint effect of being married and being female plays a significant role in driving the disparity between married men and married women. One possible explanation is that married women are likely to have more non-work obligations than their husbands, resulting in employment stagnation and thus less average earnings relative to married men. Perhaps traditional societal roles of women persist and make work less of a priority for married women, resulting in decreased career ambitions and relegation to a role of secondary or supplementary earner.

Empirical Results

Empirical results are presented in this section, beginning with regression results for the general model in Table 5 below. All but 4 variables are statistically significant at the 1% level. *racwht* is significant at 10% and *femdeg*, *racasn*, and *y2009* are not statistically significant at any conventional level. The signs of the coefficients are consistent with expectations. I did not know what signs to expect for *femdeg* and *racasn* but estimation reveals a positive and negative sign, respectively. However, neither of these variables is statistically significant so there is not much to be inferred about their signs. The coefficient for *racwht* is not statistically significant beyond 10% but it is positive as expected. The R^2 is roughly 40% and the chi^2 test statistic is indicative of a statistically significant model overall.

The aim of this paper is to further investigate the wage gap beyond strict gender comparison. As revealed in the *Descriptive Statistics* section, considerable average wage differences are exhibited not only between gender groups but also within gender groups. Notably, marital status is correlated with differences in average earnings for men and women. This relationship deserves more detailed consideration and I attempt to provide it here.

Table 5: Regression Results (LWAGE dependent)

Variable	**Coef.**	**P>|t|**
AGE	0.098843***	0
AGESQ	-0.00102***	0
DEGREE	0.34661***	0
WKHP	0.044107***	0
CITIZEN	0.186011***	0
MARRIED	0.219965***	0
FEMALE	-0.0463***	0.001
FEMMAR	-0.20279***	0
FEMDEG	0.010634	0.565
RACASN	-0.02307	0.277
RACBLK	-0.12437***	0
RACWHT	0.027804*	0.07
HISPANIC	-0.07652***	0
Y2009	0.001321	0.909
Y2010	-0.05244***	0
Y2011	-0.09304***	0
Y2012	-0.10342***	0
CONSTANT	6.047944***	0
R^2	0.4026	
CHI^2	29366.79	
N	64079	

One significant limitation of analyzing the differences between average earnings of gender groups strictly using gender and human capital differences is the imposition of presumed consistent returns to specific characteristics within the gender groups themselves. Prior research such as Goldin's (2014) did not control for within group differences of observable characteristics that are likely considerable determinants of wage. Significant differences in the composition of groups results in what may be considered fundamental structural differences, making the use of a single model

inappropriate for comparison of male and female earnings by assuming that covariate coefficients are equal across gender groups. There is no reason to believe a priori that the returns to specific components of human capital, marital status, citizenship status, hours worked, race, or ethnicity are equal for men and women. By using a single model with indicator variables to isolate the returns to measured observables, the coefficient estimates are essentially average effects. For example, if $\beta_{1male} \neq \beta_{1\,female}$ then what is the interpretation of $\widehat{\beta}_1$ for all observations? It is a comingling of the estimates for the true differing parameters β_{1male} and $\beta_{1\,female}$.

The results of a Wald test yield a chi^2 test statistic of 739.29 and a p-value of 0.000, indicating what I suspected to be true, that the coefficients for males and females are not equal and it is best to use separate models for men and women.

To compare the returns to covariates for men and women I have performed analysis using the original model but have segregated the observations into groups based on gender. Table 6 below reports the regression results for two groups, all men and all women. A decomposition is provided at the bottom of the table.

Table 6: Regression Results (LWAGE dependent)

	All Males		*All Females*	
Variable	**β^m**	$\acute{x}^m$	**β^f**	$\acute{x}^f$
AGE	0.1089973***	40.71463	0.0862325***	40.96545
AGESQ	-0.001132***	1850.92	-0.0008737***	1874.657
DEGREE	0.3559536***	0.2765879	0.346233***	0.3184542
WKHP	0.0385976***	40.25686	0.051055***	36.68043
CITIZEN	0.1674041***	0.8437547	0.2079717***	0.8824788
MARRIED	0.2240896***	0.5142971	0.0336787***	0.4758535
RACASN	-0.0861382***	0.0802394	0.0278623	0.1071673
RACBLK	-0.1762407***	0.0772636	-0.0734502**	0.088657
RACWHT	0.0357187*	0.7765451	0.0186121	0.7458296
HISPANIC	-0.1103187***	0.2594128	-0.0520312***	0.2243114
Y2009	-0.0123401	0.2062274	0.0165331	0.1950652

Y2010	-0.0754854***	0.195266	-0.0257989	0.2026966
Y2011	-0.140344***	0.1941794	-0.0363485**	0.1961803
Y2012	-0.1412839***	0.1988389	-0.0587196***	0.2046666
CONSTANT	6.11855***		5.936513***	
DECOMPOSITION OF WAGE DIFFERENTIAL				
LWAGE gap:	0.284611	(0.01052)		
Explained gap:	0.127883	(44.93%)		
Unexplained gap:	0.156728	(55.07%)		

The average difference in log wages between all men and all women (at their means) is approximately 28.46% and statistically significant at 1%. The magnitude of this difference is not trivial and has attracted much attention from researchers. Claudia Goldin estimates the difference to be about 23% in favor of men (2014). Even when controlling for differences in human capital, number of hours worked, citizenship status, race, and fixed time effects the wage gap persists. However, strictly comparing all men to all women limits the analysis by failing to consider specific differences within gender groups. Using gender as the only differentiating characteristic lumps together the experiences of all group members without regard for other relevant wage determinants.

A more detailed examination accounting for within group differences, specifically marital status, across groups reveals much about the sources of the average overall wage gap identified in the literature.

To examine the effects of marital status across gender groups I have estimated multiple sample regression functions, the results of which are presented below in Tables 7 and 8 with decompositions of the wage differentials at the bottom.

Table 7 contains the estimates for single males versus single females. As can be seen in the decomposition of wage differential section at the bottom of the table, the average difference in log wages is approximately 10.4% (statistically significant at 1%), more than half than less than the 23% gap reported for men versus women without consideration of marital status. Furthermore, nearly 61% of this gap between single men and women is explained by variation in specified determinants. Only roughly 39% of the gap is not attributable to differences in characteristics controlled for in the model.

Differences in parameter estimates for single men and women are noted. The return to experience for single women is more than 2% less than that for single men. Possession of a college degree and the number of hours worked have nearly identical returns for each group. For single women, being a citizen has double the return than that for men, measured as 16% and 8%, respectively. Being Asian, white, or Hispanic shows no statistically significant impact on wage for either group, but being black does, with the

effect for both groups being statistically significant at 1% and economically significant at -15% for men and -10% for women.

Table 7: Regression Results (LWAGE dependent)

	Single Males		*Single Females*	
Variable	**β^m**	$\acute{x}^m$	**β^f**	$\acute{x}^f$
AGE	0.1163606***	35.74992	0.0914234***	38.24893
AGESQ	-0.0012016***	1463.962	-0.0009175***	1690.832
DEGREE	0.3530339***	0.2274219	0.3497356***	0.273807
WKHP	0.0429634***	38.59898	0.0507528***	36.3337
CITIZEN	0.0790327***	0.8556308	0.1606647***	0.9042572
RACASN	-0.0208262	0.0752111	0.0208878	0.088784
RACBLK	-0.1523296***	0.095207	-0.1049803***	0.1201018
RACWHT	0.0012772	0.7661617	0.0172009	0.7352388
HISPANIC	-0.0429606	0.2611308	-0.0119796	0.2271729
Y2009	0.0186021	0.2010635	0.001385	0.1900251
Y2010	-0.0563599***	0.1980257	-0.0755694***	0.2029659
Y2011	-0.1325728***	0.1963478	-0.0722502***	0.1985282
Y2012	-0.1386598***	0.202168	-0.0661302***	0.2094502

CONSTANT	5.854534***		5.882786***	
DECOMPOSITION OF WAGE DIFFERENTIAL				
LWAGE gap:	0.104461	(0.01454)		
Explained gap:	0.063364	(60.66%)		
Unexplained gap:	0.041097	(39.34%)		

Considering the smaller gap between single men and women, the gap between the average wage of married men or women and that of single men or women is expected to be quite large, as it must inflate the observed average gap between all men and all women. Before comparing married men and women to single men and women, it is necessary to compare the married groups in terms of gender. Reported below in Table 8 are the regression results for married males versus married females.

As shown in Table 8, nearly all of the coefficient estimates are comparable and do not differ that much for each group. Married women experience about 2% greater returns to the amount of time spent working compared to men. When it comes to race, all coefficients for married men are statistically significant at 1% and the effects are substantial. That for married Asian men is about -13%, for married black men is about -21% and that for married white men is about 6%. For married women, race does not appear to matter much, as none of the coefficients are statistically significant nor are they economically significant. This difference in disparate treatment due to race conditional on gender is interesting. Why does race seem to matter for married men but not married women? The estimates for *Hispanic* are statistically significant for both groups and materially significant at -18% for men and nearly -10% for women.

Of considerable importance is the measured average wage gap at group means, which is nearly 44%. Married women on average are earning much less than married men when controlling for what are presumed to be important determinants of wage. Only 30% of the gap is attributable to differences in the independent variables used, with 70% of the gap left unexplained. Are married women earning less because of perceptions about the probability of them leaving their jobs to have and/or raise children? Are they limiting their career ambitions and opportunities in order to satisfy the so-called “dual burden”? Or is it something else? Further research is certainly needed, as the existence of such a disparity without plausible and evidenced explanations naturally provokes curiosity regarding what the fundamental differences driving the gap are. Clearly some uncontrolled for characteristics related to being a married women are having an effect on their earnings.

Table 8: Regression Results (LWAGE dependent)				
	Married Males		*Married Females*	
Variable	**β^m**	$\bar{x}^m$	**β^f**	$\bar{x}^f$
AGE	0.0828941***	45.40331	0.069637***	43.95765
AGESQ	-0.0008912***	2216.364	-0.0007187***	2077.137
DEGREE	0.3443228***	0.3230203	0.3346263***	0.3676325
WKHP	0.0328736***	41.82256	0.0509523***	37.06235
CITIZEN	0.267043***	0.8325388	0.2519868***	0.8584901
RACASN	-0.1369558***	0.0849881	0.0368517	0.1274163
RACBLK	-0.2115892***	0.0603178	0.0024722	0.0540209
RACWHT	0.0654021***	0.7863513	0.0201294	0.7574951
HISPANIC	-0.18378***	0.2577904	-0.0999627***	0.2211595
Y2009	-0.0456007**	0.2111042	0.0318971	0.2006169
Y2010	-0.1010351***	0.1926598	0.0252074	0.2023999
Y2011	-0.1527894***	0.1921316	-0.0003983	0.193594
Y2012	-0.1452116***	0.195695	-0.0528069*	0.1993975
CONSTANT	7.171496***		6.330786***	
DECOMPOSITION OF WAGE DIFFERENTIAL				
LWAGE gap:	0.43559	(0.01414)		
Explained gap:	0.130852	(30.04%)		
Unexplained gap:	0.304738	(69.96%)		

Conclusion

In conclusion, I have discussed briefly the commonly reported estimate of the wage gap between men and women. I have laid the foundation for the argument that comparing the average earnings of individuals based strictly on gender difference is limited in its power to explain the persistence of the wage gap and have roughly outlined an alternative analytical framework based on assumptions about gender and marital status (backed by empirical evidence). Married women are incredibly likely to have at least one child in their lifetime and a woman's understanding of this manifests as an expectation of motherhood that fundamentally distorts behavior with respect to employment and career decisions, thereby altering the employment trajectory of women in general and consequently their potential and actual earnings. Statistical evidence of significant earnings differentials between single women and married women, as well as married women and married men, is presented and briefly analyzed, supporting the notion that the employment and career ambitions of women are distorted by the likelihood of becoming a mother, whether desired or not, and thus average earnings are negatively affected.

The common story of differential and disparate treatment of women in the labor force may remain valid, but a strong case can be made that many women may in fact be "opting-out" of higher paying jobs as opposed to being excluded by exogenous actions of employers.

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