

Wunnava, Phanindra V.

Working Paper

Firm Size and Union Threat Effects across Genders: Evidence from NLSY79

GLO Discussion Paper, No. 45

Provided in Cooperation with:

Global Labor Organization (GLO)

Suggested Citation: Wunnava, Phanindra V. (2017) : Firm Size and Union Threat Effects across Genders: Evidence from NLSY79, GLO Discussion Paper, No. 45, Global Labor Organization (GLO), Maastricht

This Version is available at:

<https://hdl.handle.net/10419/156390>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

“Firm Size and Union Threat Effects across Genders: Evidence from NLSY79”

Phanindra V. Wunnava
Middlebury College
IZA (Institute for the Study of Labor)
Global Labor Organization

wunnava@middlebury.edu
www.middlebury.edu/~wunnava

March 2017

Abstract: It is evident that both male and female workers in medium/larger establishments receive not only higher wages but also have a higher probability of participating in benefit programs than those in smaller establishments. This reinforces the well-documented ‘*size*’ effect. Further, the firm size wage effects are much larger for men than women. The union wage effect decreases with establishment size for both genders. This supports the argument that large nonunion firms pay higher wages to discourage the entrance of unions (i.e., the ‘*threat*’ effect argument). In addition, the union wage premium is higher for males across firm sizes relative to females. This implies that unions in the large establishments may have a role to play in achieving a narrowing of the gender union wage gap. Further, given the presence of noticeable gender differences in estimated union effects on the different components of the compensation structure, unions should not treat both genders similarly with respect to wages and benefits.

Keywords: *size effect, threat effect, fringe benefits, compensation, gender, union-nonunion, random effects*

JEL Classification: *J16, J31, J32, and J51*

1. Background

Evidence from past studies (Oaxaca, 1975; Parsley, 1980; Freeman and Leonard, 1987; Even and Macpherson, 1993; Hartmann et al., 1994; Wunnava and Peled, 1999) highlights two important findings. *First*, the union wage premium for women exceeds that of men, and *second*, women are more likely than men to *vote* for union representation. Despite the female propensity to vote for representation, other studies (Freeman and Medoff, 1984; Even and Macpherson, 1993) show that women are 50% less likely than men to be union members. The positive relationship between employer size and earnings is also well-documented (Lester, 1967; Masters, 1969; Mellow, 1982; Dunn, 1986; Brown and Medoff, 1989; Evans and Leighton, 1989; Morissette, 1993; Lallemand et al., 2005, and 2007). Other researchers were guarded about accepting this possible positive link between firm size and wage premium (Idson and Oi, 1999; Kruse, 1992). Recent national figures support this relationship: for private industry, total compensation (i.e., wages plus benefits) as well as relative weight of fringe benefits increases with the size of the establishment (see Table I). In a recent empirical study based on the National Employer Survey covering 1994 and 1997, Pedace (2010) provides a number of reasons for positive firm size effect on wages. Specifically, worker sorting and matching (Champlin, 1995; Troske, 1999; Garicano and Rossi-Hansberg, 2006), paying efficiency wages to deter shirking or/and lowering turnover costs (Campbell, 1993; Krueger, 1991; Cappelli and Chauvin, 1991; Allgulin and Ellingsen, 2002), and operation of internal labor markets (Doeringer and Piore, 1971; Robinson and Wunnava, 1991).

Table I about here

Podgursky (1986) was one of the first researchers to merge the effect of firm size and union affiliation on wages in a study. Podgursky has shown empirically the impact of firm size on union-nonunion wage differentials for men. He concludes that union-nonunion wage differentials are largest in small plants. He attributes this phenomenon to union threat effects, i.e., large nonunion firms are able to pay higher wages to decrease the threat of unionization. Following Podgursky's lead, later studies investigated the pattern of union-nonunion benefit differentials across plant sizes for men (Bramley et al., 1989; Okunade et al., 1992; Wunnava and Ewing, 1999) and for both genders (Wunnava and Ewing, 2000). This is a timely issue given the importance of fringe benefits as a part of total compensation for union workers relative to nonunion workers (see Table II).

Table II about here

However, as far as women are concerned, to date, the documented research in the area of union-nonunion wage/benefit differentials across establishment sizes is somewhat dated and is mostly cross-sectional.¹ Accordingly, this study focuses on female union-nonunion wage/benefit differentials across establishment sizes, and compares the results to those of their male counterparts. This is relevant given a relatively higher concentration of women in smaller firms, and unions' realization in recent years that treating men and women similarly with respect to wages and fringe benefits is not necessarily a good idea. For example, provision of such benefits as

maternity (parental) leave, day care, and flex time is likely to be of greater interest to women than to men. We employ National Longitudinal Survey of Youth⁷⁹ data for the years 2000-12² [covering wages and such benefits as medical, retirement, life insurance, and maternity (paternity) leave] to estimate the gender union-nonunion wage/benefit differentials across establishment sizes in a longitudinal framework. The conclusions drawn from this study may refocus collective bargaining agendas to support women's concerns. Such issues could include increasing the representation of women in leadership positions, and designing compensation packages specifically for women.

2. Firm size and union-nonunion differential

As described in Bramley et al. (1989), there are at least two theoretical explanations of why the union-nonunion wage/benefit differential may vary by establishment/firm size. Firstly, large establishments may offer higher compensation than smaller firms to lessen the likelihood of unionization. Larger nonunion firms recognize that they are the best union targets since the large firm provides a larger worker pool than a small firm. The larger worker pool allows more workers to be solicited into entering the union at a lower cost to the union organizers than at a small firm. There are economies of scale in union organization. Consequently, the large nonunion firm raises compensation in order to maintain worker satisfaction and discourage unionization (Voos, 1983; Podgursky, 1986).

Secondly, as pointed out in Bramley et al. (1989), there appears to be a maximum wage for a particular job. This is because the wage dispersion effects of unions presuppose the existence of a binding upper limit constraint on the wage for a particular job (Freeman and Medoff, 1982). In large nonunion firms, the wage is often close to the maximum but in smaller nonunion firms the wage is far below the maximum. When the large firm becomes unionized there will only be a small increase in wages so that the maximum is not surpassed. However, if the small firm becomes unionized the wage can increase a relatively large amount without reaching the maximum. Consequently, the same factors that lead to higher wages in larger firms also lead to larger union-nonunion wage differentials in small firms.

These arguments clearly predict larger union-nonunion benefit differentials should occur in small plants. However, given the finding by Bramley et al. (1989) of the U-shaped pattern with regard to pension coverage, it is unclear if that is an anomaly, or if other benefits also tend to follow a similar pattern. Thus, by studying a number of benefits for both genders, we may be able to discern how union strategies differ across establishment sizes and gender when it comes to the relative weights of wages and benefits.

3. Data and methodology

The data are from the National Longitudinal Surveys of Youth (NLSY), which has interviewed respondents annually from 1979 to 1994 and biannually since 1994. Our NLSY79 sample consists of persons who worked full time for pay for the waves 2000, 2002, 2004, 2006, 2008, 2010, and 2012 in the nonagricultural, private sector. We categorize workers as belonging to one of the

following three employer establishment sizes: *Size1* (1 to 100 workers), *Size2* (101 to 499 workers), and *Size3* (500 or more workers). Workers are identified as being union or non-union members. See Table III for selected variable definitions and descriptive statistics of the overall sample as well as the sample disaggregated by gender and establishment size.

Table III about here

The “fringe benefit” variables are based on responses to the question of whether or not the respondent’s employer offers or makes available a particular benefit. Dummy variables are constructed such that they equal one (i.e., $P_i = 1$) if the respondent reported that his/her employer offered or provided the particular benefit, zero otherwise (i.e., $P_i = 0$). We focus on a total of *four* benefits:³ medical, retirement, life insurance, and maternity (paternity) leave. As shown in Table III, the proportion of workers reporting the availability of benefits increases by establishment size for all of the fringe benefits for both genders. The average of the natural log of wage also increased with establishment size for both genders. As one would expect, male wages are higher than their female counterparts for every firm size. The proportion of workers belonging to a union increased over all three size-categories for men, while for females, the union membership was slightly lower (20.0 percent) in the third category relative to the second category (21.4 percent). Since our main objective is to investigate the pattern of union-nonunion gender (*wage*) / [*benefit*] differentials across establishment sizes, the following is our empirical specification [eq. 1] based on a stacked sample of fulltime male and female workers:

$$\begin{aligned}
 (\ln wage_{it})/[P_{it}] = & \alpha + \beta_{s2}(Size2)_{it} + \beta_{s3}(Size3)_{it} + \beta_{ms1}(MSize1)_{it} + \\
 & \beta_{ms2}(MSize2)_{it} + \beta_{ms3}(MSize3)_{it} + \beta_{u1}(U1)_{it} + \beta_{u2}(U2)_{it} + \beta_{u3}(U3)_{it} + \\
 & \beta_{mu1}(MU1)_{it} + \beta_{mu2}(MU2)_{it} + \beta_{mu3}(MU3)_{it} + \text{Other Controls}^* + v_i + \varepsilon_{it}
 \end{aligned}$$

*Other Controls: $\beta_{13}(\text{Actual Experience})_i + \beta_{14}(\text{Actual Experience}^2)_i + \beta_{15}(\text{Tenure})_i +$
 $\beta_{16}(\text{Tenure}^2)_i + \beta_{17}(\text{Education})_i + \beta_{18}(\text{Marital Status})_i + \beta_{19}(\text{Number}$
of Children) $_i + \beta_{20}(\text{Race})_i + (\text{Vector of Industry Dummies})\omega + (\text{Vector of}$
Occupation Dummies) $\eta + (\text{Vector of Regional Dummies})\kappa$ [eq. 1]

where the two dependent variables are $\ln wage_{it}$ = natural logarithm of hourly wages of the respondent *i* in year *t*, and $P_{it} = 1$ if the respondent *i* reported that his/her employer offered or provided the particular benefit in year *t*, zero otherwise; v_i = the random individual differences; ε_{it} = the usual error tem.

Regarding the control variables, *Size/MSize* are vectors of establishment size/gender interaction terms. *Size2* equals 1 for workers in the second establishment size [i.e., 101-499 workers] and 0 otherwise, *Size3* equals 1 for workers in the third establishment size [i.e., 500 or more workers], and 0 otherwise (hence first establishment size [i.e., 100 or less workers] is the omitted category). *MSize* is a vector of interactions between *Size* and a male (*M*) dummy (= 1 if an

observation belongs to a male, and 0 otherwise). Hence, β_{ms_i} captures the male establishment size differential relative to females (captured by β_{si}), and the sum of $(\beta_{si} + \beta_{ms_i})$ will be the establishment size effect for males.⁴ Similarly, U/MU is a vector of union-establishment size/gender interaction terms. U_1 equals 1 for union workers in the smallest establishment size and 0 otherwise, U_2 equals 1 for union workers in the second establishment size, and U_3 equals 1 for union workers in the third establishment size.⁵ The MU vector is entered into the model as an interaction between the U vector and a male (M) dummy. So, β_{mu_i} captures male union differentials relative to females (captured by β_{u_i}) for each of the establishment sizes. In other words, the sum of $(\beta_{u_i} + \beta_{mu_i})$ will be the union effect for males.

4. Empirics

Given the richness of the NLSY79 data it is possible to construct a measure of work experience that represents actual weeks worked. There are several reasons why a measure of actual experience is preferred to using potential work experience (usually defined as age-education-6). Potential experience may understate the returns to experience because it does not draw a distinction between time working and time not working. This is particularly troublesome when estimating wages of persons who are more likely to have intermittent labor force participation. The use of both actual experience and tenure at the current firm should capture the total work experience of the respondent. Additionally, we include vectors of industry and occupation controls, which presumably capture much of the heterogeneity in monitoring technology not captured by establishment size. Other variables include controls for marital status, actual number of children in the household, race, education level (as measured by number of years of schooling completed), region, etc. Based on the descriptive statistics presented in Table III [Panels B and C], both male and female workers in medium [101-499]/larger [500 or more] establishments receive not only higher wages but also have a higher probability of participating in benefit programs than those in smaller [1-100] establishments. This reinforces the well-documented ‘size’ effect. The Random Effects GLS lnwage model is presented in Table IV, and the Random Effects Logistic Regression results for each of the benefits considered in this paper are presented in Tables V through VIII.

Table IV about here

- *lnwage wage model:*

Based on Table IV lnwage regression results, we find the evidence for both size effects (**S**) as well as threat effects (**T**). The firm size wage effects⁶ are much larger for men (**M+**) than women. Specifically, in the mid-size firms the gender size differential favoring men is about 19.8 % [= $e^{(.2454 - .0645)} - 1 \times 100$]. This differential is much larger and is about 27.2% [= $e^{(.3053 - .1058)} - 1 \times 100$] in the bigger firms. The union wage effect seems to decrease with establishment size for both genders. This supports the argument that large nonunion firms pay higher wages to discourage the entrance of unions (i.e., the ‘threat’ effect argument). Further, the union wage premium seems to be higher for males across firm sizes [specifically, for smaller firm 15% = $e^{(.1402)} - 1 \times 100$; for medium size firm 7.7% = $e^{(.0746)} - 1 \times 100$; for larger firm 4.1% =

$e^{(.0405)} - 1 \times 100$], relative to females [$6.1\% = e^{(.0595)} - 1 \times 100$; $4\% = e^{(.0399)} - 1 \times 100$; $1.45\% = e^{(.0143)} - 1 \times 100$]. One could also note that the male-female wage gap for union members is indeed decreasing with the firm size [$8.9\% = 15\% - 6.1\%$; $3.7\% = 7.7\% - 4\%$; and $2.65\% = 4.1\% - 1.45\%$]. This implies that unions in the large establishments may have a role to play in achieving a narrowing of the gender union wage gap. In other words, not only the threat of unionization could reduce union wage premiums for both genders as firm size increases, but also play a critical role in narrowing gender wage gap.

Table V about here

-logistic models:

Given the qualitative nature of dependent variables (which take a value of ‘1’ if a particular fringe is offered or provided by the employer; ‘0’ otherwise) and the longitudinal nature of our data, we estimated the above model for each of the fringe benefits by a random effects logistic model.⁷ The summary⁸ of random effects estimates of logistic regression models for four benefits [i.e., ‘med’, ‘retire’, ‘lifeins’, and ‘matlv’] are presented in Tables V through VIII. In addition to the coefficient estimates of $size_2$, $size_3$, u_1 , u_2 , and u_3 , in columns, the corresponding ‘marginal’ probabilities are reported for both genders [females: column 5, and males: column 10].

An intuitive interpretation of reported marginal probabilities is in order. For example, the reported marginal probabilities for females in Table V [column 5] could be interpreted as follows: The workers in the medium firm size category [i.e., $size_2$] and larger firm size category [i.e., $size_3$] have a 4.2% and 3.9%, respectively, *higher* probability of employer provided ‘medical’ insurance relative to the smaller firm size [i.e., omitted category]. The reported marginal probabilities for u_1 , u_2 , and u_3 could be interpreted as the female union workers have a 3.2%, 2.2%, and 2%, respectively, *higher* probability of employer provided ‘medical’ insurance than their non-union counterparts, in each of the firm sizes. Similar logic could be used to interpret the reported marginal probabilities for males. Specifically, column 10 of Table V indicate that the male union workers have a 3.8%, 1% higher probability of *higher* probability of employer provided ‘medical’ insurance than their non-union counterparts, in small and medium size firms. For the largest firm size, there seems to be no difference between male union and nonunion workers with respect to the provision of medical insurance.

Tables VI/VII/VIII about here

For both genders, union-nonunion benefit differentials for retirement [see Table VI] and life insurance [Table VII] decrease with the size of the establishment. This once again supports the union threat effects argument. Regarding the availability of maternity (paternity) leave (usually valued highly by females), the size effects for females are much stronger than for males [see Table VIII]. Accordingly, unions could use availability of this benefit in attracting more female workers to join larger firms.

5. Conclusion

Based on the empirics presented in this paper, it is evident that both male and female workers in medium/larger establishments receive not only *higher* wages but also have a *higher* probability of participating in the benefit programs provided by the employer [such as medical/health insurance, life insurance, maternity/paternity leave, and retirement] than those in smaller establishments. This reinforces the well-documented ‘*size*’ effect. Further, the firm size wage effects are much larger for men than women. The union wage effect decreases with establishment size for both genders. This supports the argument that large nonunion firms pay higher wages to discourage the entrance of unions (i.e., the ‘*threat*’ effect argument). In addition, the union wage premium is higher for males across firm sizes relative to females though the gender gap is inversely related to the firm size. This implies that unions in the large establishments may have a role to play in achieving a narrowing of the gender union wage gap.

Further, there seems to be noticeable gender differences in estimated union effects on employer provided fringe benefits. Accordingly, unions should not treat both genders similarly with respect to wages and benefits. For example, unions may be successful in attracting more female workers to join the unions, if unions could play an active role in making those benefits valued most by females. Therefore, the findings of this study could be beneficial for making necessary modifications to our labor policy.

Notes

¹ Robinson and Wunnava (1991) controlled for the number of employees (i.e., plant size) while investigating the effects of cost of supervision on earnings of both males and females.

² These data are biannual consisting of the years 2000, 2002, 2004, 2006, 2008, 2010, and 2012.

³ The correlations between tenure and availability of fringe benefits were relatively low. Specifically, correlations were 0.2194 (medical), 0.2246 (retirement), 0.2035 (life insurance), and 0.1917 (maternity (paternity) leave). Hence, the presence of certain benefits does not seem to have any significant effect on tenure.

⁴ $(MSize_1)_i$ is included in the specification to capture the differential effect of first establishment size on males. To avoid the problem of perfect multicollinearity, “pure” dummy variable M is omitted from the specification.

⁵ For a justification of introducing establishment specific union dummy variables as well as gender specific union dummy variables into the model, see Wunnava and Ewing (2000).

⁶ Rickne (2014) using the Chinese data showed that the ‘size effect’ on wages was supported for the firms in the private sector and *not* for the firms in the state-owned sector. In fact, he found that there seems to be a negative size effect in the public sector. The most plausible explanation for this result is that larger firms in China employ a higher ratio of blue-collar workers relative to white-collar workers.

⁷ The Breusch and Pagan Lagrangian multiplier test to see whether a random effects is preferred for the lnwage model [refer to Table IV] was highly significant. Likelihood Ratio [LR] test could be conducted to see whether a random effects model is preferred to a regular logistical model for pooled data. For all four benefits, the LR test is highly significant and hence the random effects model is employed. Please refer to the test statistic results ‘LR test of [$\rho = 0$]’ reported in Tables V through VIII.

⁸ Full regression results can be obtained upon a request.

References

- Allgulin, M. and T. Ellingsen, 2002, 'Monitoring and Pay', *Journal of Labor Economics* **20**, 201-216.
- Bramley, D. G., P. V. Wunnava and M. D. Robinson, 1989, 'A Note on Union-Nonunion Benefit Differentials and Size of Establishment', *Economics Letters* **30**(1), 85–88.
- Brown, C. and J. Medoff, 1989, 'The Employer Size-Wage Effect', *Journal of Political Economy* **97**(5), 1027–1059.
- Campbell, C. M. 1993, 'Do Firms Pay Efficiency Wages? Evidence with Data at the Firm Level', *Journal of Labor Economics* **11**, 442-470.
- Cappelli, P. and K. Chauvin, 1991, 'An Interplant Test of Efficiency Wage Hypothesis', *Quarterly Journal of Economics* **106**, 769-88.
- Champlin, D. 1995, 'Understanding Job Quality in an Era of Structural Change: What Can Economics Learn from Industrial Relations?', *Journal of Economic Issues* **29**(3), 829-841.
- Doeringer, P.B. and M. J. Piore, 1971, *Internal Labor Markets and Manpower Analysis*. Lexington, MA: D.C. Heath and Company.
- Dunn, L. F., 1986, 'Work Disutility and Compensating Differentials: Estimation of Factors in the link between Wages and Firm Size', *Review of Economics and Statistics* **68**(1), 67–73.
- Evans, D. S. and L. S. Leighton, 1989, 'Why do Smaller Firms Pay Less', *Journal of Human Resources* **24**(2), 299–318.
- Even, W. E. and D. A. Macpherson, 1993, 'Decline of Private Sector Unionism and the Gender Wage Gap', *Journal of Human Resources* **28**(2), 279–296.
- Freeman, R. and J. Leonard, 1987, 'Union Maids: Unions and the Female Work Force', in C. Brown and J. Pechman (eds), *Gender in the Workplace*, Washington, DC: Brookings Institution.
- Freeman, R. and J. Medoff, 1984, *What Do Unions Do?*, New York: Basic Books.
- Freeman, R. and J. Medoff, 1982, 'Substitution Between Production Labor and Other Inputs in Unionized and Nonunionized Manufacturing', *Review of Economics and Statistics* **64**(2), 220–233.
- Garicano, L. and E. Rossi-Hansberg, 2006, 'Organization and Inequality in a Knowledge Economy', *Quarterly Journal of Economics* **121**(4), 1383-1435.
- Hartmann, H., R. Spalter-Roth and N. Collins, 1994, 'What Do Unions Do for Women?', *Challenge* **37**(4), 11–19.
- Idson, T. L. and W.Y. Oi, 1999, 'Workers are More Productive in Large Firms', *American Economic Review* **89**(2),104-108.
- Krueger, A. B. 1991, 'Ownership, Agency and Wages: An Examination of Franchising in the Fast-Food Industry', *Quarterly Journal of Economics* **106**, 75-101.
- Kruse, D. 1992, 'Supervision, Working Conditions, and the Employer Size-Wage Effect', *Industrial Relations* **31**(2), 229-249.

- Lallemand, T., R. Plasman, and F. Rycx, 2005, 'Why do Large Firms Pay Higher Wages? Evidence from Matched Worker Firm Data', *International Journal of Manpower* **26**(7/8).
- Lallemand, T., R. Plasman, and F. Rycx, 2007, 'The Establishment Size Wage Premium: Evidence from European Countries', *Empirica* **34**(5), 427-451.
- Lester, R., 1967, 'Pay Differentials by Size of Establishment', *Industrial Relations* **7**(4), 57-67.
- Masters, S., 1969, 'An Interindustry analysis of Wages and Plant Size', *Review of Economics and Statistics* **51**(3), 341-345.
- Mellow, W., 1982, 'Employer Size and Wages', *Review of Economics and Statistics* **64**(3), 341-345.
- Morissette, R., 1993, 'Canadian Jobs and Firm Size: Do Smaller Firms Pay Less', *Canadian Journal of Economics* **26**(1), 159-174.
- Oaxaca, R. L., 1975, 'Estimation of Union/Nonunion Wage Differentials within Occupational/Regional Subgroups', *Journal of Human Resources* **10**(4), 529-537.
- Okunade, A. A., P. V. Wunnava and M. D. Robinson, 1990, 'Union-Nonunion Compensation Differentials Across Plant Sizes: Evidence from CPS 1983', *Small Business Economics* **2**(4), 313-317.
- Okunade, A. A., P. V. Wunnava and M. D. Robinson, 1992, 'Union-Nonunion Differentials and Industry Structure', *Economics Letters* **39**(7), 329-337.
- Parsley, C. J., 1980, 'Labor Union Effects on Wage Gains: A Survey of Recent Literature', *Journal of Economic Literature* **18**(1), 1-31.
- Pedace, R., 2010, 'Firm-Size Wage Premiums: Using Employer Data to Unravel the Mystery', *Journal of Economic Issues* **44** (1), 163-181.
- Rickne, J., 2014, 'Firm Size and Work Compensation in China', *China and World Economy* **22**(1), 67-82.
- Robinson, M. D. and P. V. Wunnava, 1991, 'Discrimination and Efficiency Wages: Estimates of the role of Efficiency Wages in Male/Female Wage Differentials', in R. C. Cornwall and P. V. Wunnava (eds), *New Approaches to Economic and Social Analyses of Discrimination*, New York: Praeger Publishers.
- Robinson, M. and P.V. Wunnava, 1991, 'Plant Size, Tenure, and Discrimination in Internal Labor Markets: Evidence on Sex Differentials', *Economics Letters* **36**, 197-208.
- Troske K. R. 1999, 'Evidence on the Employer Size-Wage Premium from Worker-Establishment Matched Data', *Review of Economics and Statistics* **81**(1), 15-26.
- Voos, P. B. 1983, 'Union Organizing: Costs and Benefits,' *Industrial and Labor Relations Review* **36**(4), 576-591.
- Wunnava, P. V. and B. T. Ewing, 1999, 'Union-Nonunion Differentials and Establishment Size: Evidence from the NLSY', *Journal of Labor Research* **20**(2), 177-183.
- Wunnava, P. V. and B. T. Ewing, 2000, 'Union-Nonunion Gender Wage Benefit Differentials Across Establishment Sizes', *Small Business Economics* **15**, 47-57.
- Wunnava, P. V. and N. O. Peled, 1999, 'Union Wage Premiums by Gender and Race: Evidence from PSID 1980-1992', *Journal of Labor Research* **20**(3), 415-423.

Table I. Employer costs per hour worked for employee compensation and costs as a % of total compensation: Private industry workers, by establishment employment size [**September 2016**]

	<u>1-99 workers</u>	<u>100-499 workers</u>	<u>500 workers/+</u>
	Cost[%]	Cost[%]	Cost[%]
Total compensation	\$27.01[100.0]	\$32.62[100.0]	\$47.73[100.0]
Wages and salaries	19.70[72.9]	22.51[69]	31.12[65.2]
Total benefits	7.31[27.1]	10.11[31.0]	16.21[34.8]

Source: <http://www.bls.gov/news.release/ecec.t08.htm> (Accessed 1/15/2017)

Table II. Private industry, by major industry group and establishment size and bargaining status: Cost per hour worked [September 2016]

	Compensation [%]	W&S [%]	Benefits[%]
a. All workers, goods-producing*	\$38.99 [100]	\$25.90	\$13.09 [33.6]
industries		[66.4]	
1-99 workers.....	32.32 [100]	22.80	9.52 [29.5%]
		[70.5%]	
100-499 workers.....	39.22 [100%]	25.66	13.57
		[65.4%]	[34.6%]
500 workers or more.....	53.46 [100%]	33.19	20.27
		[62.1%]	[37.9%]
Union [U].....	48.33 [100%]	28.08	20.25
		[58.1%]	[41.9%]
Nonunion [NU].....	35.50 [100%]	24.24	11.26
		[68.3%]	[31.7%]
b. All workers, service-providing**	\$30.50[100%]	\$21.38	\$9.11
Industries		[70.1%]	[29.9%]
1-99 workers.....	26.11 [100%]	19.17	6.94 [26.6%]
		[73.4%]	
100-499 workers.....	30.90 [100%]	21.69	9.21 [29.8%]
		[70.2%]	
500 workers or more.....	46.31 [100%]	30.60	15.70
		[66.1%]	[34.9%]
Union [U].....	44.45 [100%]	27.05	17.40
		[60.8%]	[39.2%]
Nonunion [NU].....	29.85 [100%]	21.42	8.42 [28.3%]
		[71.7%]	

Source: <http://www.bls.gov/news.release/ecec.t13.htm> (Accessed 1/15/2017)

Table III. Sample Characteristics of selected variables [NLSY79 2000-12 pooled sample]

Panel A: Overall sample [n = 30562]

<u>Variable</u>	<u>Mean</u>	<u>Std. Dev</u>
lnwage	2.814829	.6109331
med	.8254695	.3795712
lifeins	.7327727	.4425192
matlv	.7364374	.4405720
retire	.7516524	.4320616
male	.4906093	.4999200
Size ₁	.5822917	.4931896
Size ₂	.2352268	.4241474
Size ₃	.1824815	.3862472
union	.1855245	.3887288

Panel B: Female sample disaggregated by firm size

Variable*	<u>Size₁ [n=9080]</u>		<u>Size₂ [n=3729]</u>		<u>Size₃ [n=2759]</u>	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
lnwage	2.601219	.5908433	2.739315	.5150898	2.939039	.5282963
med	.7254405	.4463166	.9281309	.2583057	.9561435	.2048128
lifeins	.6082599	.4881660	.8753017	.3304208	.9293222	.2563323
matlv	.6942731	.4607400	.9031912	.2957369	.9351214	.2463561
retire	.6465859	.4780562	.8795924	.3254812	.9369337	.2431263
union	.1384361	.3453762	.2142666	.4103676	.1997100	.3998548

Panel C: Male Sample disaggregated by firm size

Variable*	Size ₁ [n=8716]		Size ₂ [n=3460]		Size ₃ [n=2818]	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
lnwage	2.833373	.6148309	2.999815	.5844405	3.196945	.5932273
med	.7460991	.4352665	.9523121	.2131358	.9737402	.1599352
lifeins	.6120927	.4873012	.8945087	.3072299	.9276082	.2591815
matlv	.5585131	.4965929	.8401734	.3664981	.8800568	.3249528
retire	.6244837	.4842837	.9002890	.2996576	.9503194	.2173228
union	.1512162	.3582800	.2644509	.4411041	.2945351	.4559144

***Definitions:**

lnwage = natural log of hourly wage

med = 1 if medical/health insurance is offered/provided by the employer, 0 otherwise.

lifeins = 1 if life insurance is offered/provided by the employer, 0 otherwise.

matlv = 1 if maternity (paternity) leave is offered/provided by the employer, 0 otherwise.

retire = 1 if retirement plan is offered/provided by the employer, 0 otherwise.

male = 1 if gender of the respondent is male; 0 otherwise

Size₁ = 1 if employed in a firm with 1-100 workers; 0 otherwise.

Size₂ = 1 if employed in a firm with 101-499 workers; 0 otherwise.

Size₃ = 1 if employed in a firm with 500 or more workers; 0 otherwise.

union = 1 if belongs to a union, 0 otherwise.

Table IV^. Random Effects GLS regression results [**dependent variable: 'lnwage'**]

Number of obs = 30562 Wald $\chi^2_{(38)} = 10926.02$ [Prob > $\chi^2 = 0.0000$] Overall $R^2 = .4353$

Breusch and Pagan Lagrangian multiplier test for random effects: $\text{Var}(v_i) = 0$ [$\chi^2_{(1)} = 18700.43$; Prob > $\chi^2 = 0.0000$]

<u>Female</u>				<u>Male</u>			
Variable	Coefficient	z	P > z	Variable	Coefficient	z	P > z
size ₂	.064591 [S]	7.44	0.000	[size ₂ + msize ₂]	.2454372 [S, +M]	17.40	0.000
size ₃	.1058461 [S]	10.13	0.000	[size ₃ + msize ₃]	.3053172 [S, +M]	19.34	0.000
u ₁	.0595694 [T]	3.76	0.000	[u ₁ + mu ₁]	.140177 [+M, T]	9.20	0.000
u ₂	.0399599 [T]	2.35	0.019	[u ₂ + mu ₂]	.0745511[+M,T]	4.26	0.000
u ₃	.014341 [T]	.77	0.442	[u ₃ + mu ₃]	.0405471 [+M,T]	1.73	0.084

Table V^. Random Effects Logistic regression results [**dependent variable: 'med'**]

Number of obs = 30562 Wald $\chi^2_{(38)} = 2340.75$ [Prob > $\chi^2 = 0.0000$]

Log likelihood = -9250.8593 LR test of [$\rho = 0$] $\chi^2_{(1)} = 3197.63$ [Prob > $\chi^2 = 0.0000$]

<u>Female</u>					<u>Male</u>				
Variable	Coefficient	z	P > z	Marginal Probability**	Variable	Coefficient	z	P > z	Marginal Probability**
size ₂	1.917329 [S]	14.45	0.000	.0419152	[size ₂ + msize ₂]	2.67258 [S, +M]	15.39	0.000	.0600989
size ₃	2.034879 [S]	11.30	0.000	.0396489	[size ₃ + msize ₃]	2.930317 [S, +M]	13.40	0.000	.0599287
u ₁	1.984744 [T]	10.07	0.000	.032382	[u ₁ + mu ₁]	2.187882 [T]	9.86	0.000	.0381782
u ₂	1.02796 [F+, T]	3.46	0.001	.0215397	[u ₂ + mu ₂]	.7223511 [T]	2.05	0.041	.0106466
u ₃	.954097 [F+, T]	2.44	0.015	.0203169	[u ₃ + mu ₃]	.5819348 [T]	1.38	0.167	.0066294

** Marginal probability is derived as $\delta P_{it} / \delta X_{j,it} = [\beta_{X_j} * P_{it}(1 - P_{it})]$ evaluated at gender specific sample means

[S] Size Effect; [T] Union Threat Effect; [+M] Male Advantage

Table VI^. Random Effects Logistic regression results [dependent variable: 'retire']

Number of obs = 30562

Wald $\chi^2_{(38)} = 2927.64$ [Prob > $\chi^2 = 0.0000$]

Log likelihood = -11271.203

LR test of [$\rho = 0$] $\chi^2_{(1)} = 3435.10$ [Prob > $\chi^2 = 0.0000$]

Female

Male

Variable	Coefficient	z	P > z	Marginal Probability**	Variable	Coefficient	z	P > z	Marginal Probability**
size ₂	1.860980 [S]	16.86	0.000	.107045	[size ₂ + msize ₂]	2.13665 [S, +M]	15.34	0.000	.1272737
size ₃	2.346661 [S]	14.74	0.000	.114697	[size ₃ + msize ₃]	2.79988 [S, +M]	15.79	0.000	.1459255
u ₁	2.03407 [T]	10.49	0.000	.087761	[u ₁ + mu ₁]	2.24882 [+M, T]	12.08	0.000	.1036214
u ₂	.5865751 [T]	2.48	0.013	.038024	[u ₂ + mu ₂]	.79031 [+M, T]	3.26	0.001	.0530989
u ₃	.1866964 [T]	.59	0.554	.013938	[u ₃ + mu ₃]	.43208 [+M, T]	1.37	0.171	.0317958

** Marginal probability is derived as $\delta P_{it}/\delta X_{j,it} = [\beta_{X_j} * P_{it}(1 - P_{it})]$ evaluated at gender specific sample means

Table VII^. Random Effects Logistic regression results [dependent variable: 'lifeins']

Number of obs = 30562

Wald $\chi^2_{(38)} = 2731.14$ [Prob > $\chi^2 = 0.0000$]

Log likelihood = -11972.764

LR test of [$\rho = 0$] $\chi^2_{(1)} = 4079.14$ [Prob > $\chi^2 = 0.0000$]

Female

Male

Variable	Coefficient	z	P > z	Marginal Probability**	Variable	Coefficient	z	P > z	Marginal Probability**
size ₂	1.841397 [S]	16.62	0.000	.1333904	[size ₂ + msize ₂]	2.2495 [S, +M]	16.22	0.000	.1694599
size ₃	2.295077 [S]	14.74	0.000	.142459	[size ₃ + msize ₃]	2.7488 [S, +M]	16.00	0.000	.1817275
u ₁	1.67934 [+F, T]	9.64	0.000	.100866	[u ₁ + mu ₁]	1.6516 [T]	9.96	0.000	.0980683
u ₂	.5050695 [T]	2.29	0.022	.0423897	[u ₂ + mu ₂]	.416942 [T]	1.78	0.076	.0333077
u ₃	.2191023 [T]	.79	0.428	.0202405	[u ₃ + mu ₃]	-.209629 [T]	-0.83	0.407	-.0297283

** Marginal probability is derived as $\delta P_{it}/\delta X_{j,it} = [\beta_{X_j} * P_{it}(1 - P_{it})]$ evaluated at gender specific sample means

[S] Size Effect; [T] Union Threat Effect; [+M] Male Advantage

Table VIII[^]. Random Effects Logistic regression results [dependent variable: 'matlv']

Number of obs = 30562

Wald $\chi^2_{(38)} = 2659.66$ [Prob > $\chi^2 = 0.0000$]

Log likelihood = -13037.052

LR test of [$\rho = 0$] $\chi^2_{(1)} = 2893.91$ [Prob > $\chi^2 = 0.0000$]

Female

Male

Variable	Coefficient	z	P > z	Marginal Probability**	Variable	Coefficient	z	P > z	Marginal Probability**
size ₂	1.672839 [+F, S]	16.30	0.000	.1522719	[size ₂ + msize ₂]	.6407888 [S]	5.96	0.000	-.0112515
size ₃	1.927705 [+F, S]	14.76	0.000	.1566427	[size ₃ + msize ₃]	.9920788 [S]	7.86	0.000	.0099667
u ₁	1.451152 [+F, T]	9.05	0.000	.1150289	[u ₁ + mu ₁]	1.30916 [T]	9.37	0.000	.0969878
u ₂	.435756 [T]	1.98	0.048	.0459489	[u ₂ + mu ₂]	.87839 [+M, T]	4.55	0.000	.0921125
u ₃	.4894256 [T]	1.77	0.076	.0505158	[u ₃ + mu ₃]	.24191 [T]	1.15	0.251	.017896

** Marginal probability is derived as $\delta P_{it} / \delta X_{j,it} = [\beta_{X_j} * P_{it}(1 - P_{it})]$ evaluated at gender specific sample means

[S] Size Effect; [+F] Female Advantage; [+M] Male Advantage; [T] Union Threat Effect

[^] Full regression results based on [eq. 1] can be obtained upon a request.