

Bauer, Thomas K.; Sinning, Mathias

Working Paper

Blinder-Oaxaca Decomposition for Tobit Models

RWI Discussion Papers, No. 32

Provided in Cooperation with:

RWI – Leibniz-Institut für Wirtschaftsforschung, Essen

Suggested Citation: Bauer, Thomas K.; Sinning, Mathias (2005) : Blinder-Oaxaca Decomposition for Tobit Models, RWI Discussion Papers, No. 32, Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI), Essen

This Version is available at:

<http://hdl.handle.net/10419/18583>

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.

Thomas K. Bauer and Mathias Sinning

Blinder-Oaxaca Decomposition for Tobit Models

No. 32



Rheinisch-Westfälisches Institut für Wirtschaftsforschung

Board of Directors:

Prof. Dr. Christoph M. Schmidt, Ph.D. (President),

Prof. Dr. Thomas K. Bauer

Prof. Dr. Wim Kösters

Governing Board:

Dr. Eberhard Heinke (Chairman);

Dr. Dietmar Kuhnt, Dr. Henning Osthues-Albrecht, Reinhold Schulte
(Vice Chairmen);

Prof. Dr.-Ing. Dieter Ameling, Manfred Breuer, Christoph Dänzer-Vanotti,

Dr. Hans Georg Fabritius, Prof. Dr. Harald B. Giesel, Karl-Heinz Herlitschke,

Dr. Thomas Köster, Tillmann Neinhaus, Dr. Günter Sandermann,

Dr. Gerd Willamowski

Advisory Board:

Prof. David Card, Ph.D., Prof. Dr. Clemens Fuest, Prof. Dr. Walter Krämer,

Prof. Dr. Michael Lechner, Prof. Dr. Till Requate, Prof. Nina Smith, Ph.D.,

Prof. Dr. Harald Uhlig, Prof. Dr. Josef Zweimüller

Honorary Members of RWI Essen

Heinrich Frommknecht, Prof. Dr. Paul Klemmer †

RWI : Discussion Papers No. 32

Published by Rheinisch-Westfälisches Institut für Wirtschaftsforschung,

Hohenzollernstrasse 1/3, D-45128 Essen, Phone +49 (0) 201/81 49-0

All rights reserved. Essen, Germany, 2005

Editor: Prof. Dr. Christoph M. Schmidt, Ph.D.

ISSN 1612-3565 – ISBN 3-936454-52-3

The working papers published in the Series constitute work in progress circulated to stimulate discussion and critical comments. Views expressed represent exclusively the authors' own opinions and do not necessarily reflect those of the RWI Essen.

RWI : Discussion Papers

No. 32

Thomas K. Bauer and Mathias Sinning

Blinder-Oaxaca Decomposition for Tobit Models



Bibliografische Information Der Deutschen Bibliothek

Die Deutsche Bibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.ddb.de> abrufbar.

ISSN 1612-3565

ISBN 3-936454-52-3

Thomas K. Bauer and Mathias Sinning*

Blinder-Oaxaca Decomposition for Tobit Models

Abstract

In this paper, a decomposition method for Tobit-models is derived, which allows the differences in a censored outcome variable between two groups to be decomposed into a part that is explained by differences in observed characteristics and a part attributable to differences in the estimated coefficients. The method is applied to a decomposition of the gender wage gap using German data.

JEL Classification: C24, J31

Keywords: Blinder-Oaxaca decomposition, Tobit model, wage gap

September 2005

*Thomas K. Bauer, RWI Essen, Ruhr-University Bochum, IZA Bonn, and CEPR London; Mathias Sinning, RWI Essen. The authors are grateful to Michael Fertig and Harald Tauchmann for helpful comments on an earlier draft of this paper. All correspondence to Mathias Sinning, Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI), Hohenzollernstraße 1-3, D-45128 Essen, Germany; Fax: ++49 201 81 49 200; e-mail: sinning@rwi-essen.de.

1 Introduction

The decomposition method developed by Blinder (1973) and Oaxaca (1973) and generalized by Juhn, Murphy, and Pierce (1991), Neumark (1988), and Oaxaca and Ransom (1988, 1994), is a very popular descriptive tool, since it permits the decomposition of the difference in an outcome variable between two groups into a part that is explained by differences in the observed characteristics of these groups and a part that is due to differences in the estimated coefficients. Among other applications, the Blinder-Oaxaca decomposition has been used in numerous studies of wage-differentials between males and females or between different ethnic groups (Altonji and Black 1999). In these studies, the unexplained part of the decomposition is interpreted as discrimination.

So far, the Blinder-Oaxaca-decomposition and its various generalizations have mainly be used in linear regression models. A decomposition method for models with binary dependent variables has been developed by Fairlie (1999, 2003). In many cases, however, the censoring of outcome variables requires the estimation of limited dependent variable models. In such situations, OLS might yield in inconsistent parameter estimates and in turn misleading decomposition results. This paper aims at providing a solution to this problem by deriving a decomposition method for Tobit-models. To illustrate this method, we apply it to the gender wage gap using German data.

2 Blinder-Oaxaca Decomposition for Tobit Models

Consider the following linear regression model, which is estimated separately for the groups $g = m, f$

$$Y_{ig} = \mathbf{X}_{ig}\beta_g + \varepsilon_{ig}, \quad (1)$$

for $i = 1, \dots, N_g$, and $\sum_g N_g = N$. For these models, Blinder (1973) and Oaxaca (1973) propose the decomposition

$$\begin{aligned} \bar{Y}_m - \bar{Y}_f = \Delta^{OLS} &= [E_{\beta_m}(Y_{im}|\mathbf{X}_{im}) - E_{\beta_m}(Y_{if}|\mathbf{X}_{if})] \\ &+ [E_{\beta_m}(Y_{if}|\mathbf{X}_{if}) - E_{\beta_f}(Y_{if}|\mathbf{X}_{if})] \\ &= (\bar{X}_m - \bar{X}_f)\hat{\beta}_m + \bar{X}_f(\hat{\beta}_m - \hat{\beta}_f), \end{aligned} \quad (2)$$

where $\bar{Y}_g = N_g^{-1} \sum_{i=1}^{N_g} Y_{ig}$ and $\bar{\mathbf{X}}_g = N_g^{-1} \sum_{i=1}^{N_g} \mathbf{X}_{ig}$. $E_{\beta_g}(Y_{ig}|\mathbf{X}_{ig})$ refers to the conditional expectation of Y_{ig} evaluated at the parameter vector β_g . The first term on the right hand side of equation (2) displays the difference in the outcome variable between the two groups due to differences in observable characteristics, whereas the second term shows the differential that is due to differences in coefficient estimates.

Given \mathbf{X}_{ig} , the linear model is a good approximation of the expected value of the outcome variable $E(Y_{ig}|\mathbf{X}_{ig})$ for values of \mathbf{X}_{ig} close to the mean. If the outcome variable Y_{ig} is censored, however, the use of OLS may lead to biased estimates of the parameter vector and hence misleading results of the decomposition.

To illustrate the Blinder-Oaxaca decomposition for censored regression models, we consider a Tobit model, where the distribution of the dependent variable is censored from above at the point a_1 and from below at the point a_2 , i.e.

$$\begin{aligned} Y_{ig}^* &= \mathbf{X}_{ig}\beta_g + \varepsilon_{ig}, \\ Y_{ig} &= a_1 \quad \text{if } Y_{ig}^* \leq a_1 \\ Y_{ig} &= a_2 \quad \text{if } Y_{ig}^* \geq a_2 \\ Y_{ig} &= Y_{ig}^* = \mathbf{X}_{ig}\beta_g + \varepsilon_{ig} \quad \text{if } a_1 < Y_{ig}^* < a_2, \\ \varepsilon_{ig} &\sim N(0, \sigma_g^2). \end{aligned} \quad (3)$$

The unconditional expectation of Y_{ig} given \mathbf{X}_{ig} consists of the conditional expectations of Y_{ig} weighted with the respective probabilities of being censored (from above or below) or uncensored:

$$\begin{aligned} E(Y_{ig}|\mathbf{X}_{ig}) &= a_1\Phi_1(\beta_g, \mathbf{X}_g, \sigma_g) + a_2\Phi_2(\beta_g, \mathbf{X}_g, \sigma_g) \\ &+ \Lambda(\beta_g, \mathbf{X}_g, \sigma_g) \left[\mathbf{X}_{ig}\beta_g + \sigma \frac{\lambda(\beta_g, \mathbf{X}_g, \sigma_g)}{\Lambda(\beta_g, \mathbf{X}_g, \sigma_g)} \right], \end{aligned} \quad (4)$$

where $\Phi_1(\beta_g, \mathbf{X}_g, \sigma_g) = \Phi[\sigma_g^{-1}(a_1 - \mathbf{X}_{ig}\beta_g)]$, $\Phi_2(\beta_g, \mathbf{X}_g, \sigma_g) = \Phi[\sigma_g^{-1}(a_2 - \mathbf{X}_{ig}\beta_g)]$, $\Lambda(\cdot) = \Phi_2(\cdot) - \Phi_1(\cdot)$ and $\lambda(\beta_g, \mathbf{X}_g, \sigma_g) = \phi[\sigma_g^{-1}(a_1 - \mathbf{X}_{ig}\beta_g)] - \phi[\sigma_g^{-1}(a_2 - \mathbf{X}_{ig}\beta_g)]$ for $g = m, f$. $\phi(\cdot)$ represents the standard normal density function and $\Phi(\cdot)$ is the cumulative standard normal density function.

Equation (4) shows that a decomposition of the outcome variable similar to equation (2) is not appropriate if the dependent variable is censored. Particularly, in contrast to the linear regression model, the conditional expectations $E(Y_{ig}|X_{ig})$ in the Tobit model depend on the variance of the error term σ_g . Consequently, there are several possibilities to decompose the mean difference of Y_i between the two groups depending on which σ_g is used in the counterfactual parts of the decomposition equation. Two possible decompositions are

$$\begin{aligned} \Delta_f^{Tobit} &= [E_{\beta_m, \sigma_m}(Y_{im}|\mathbf{X}_{im}) - E_{\beta_m, \sigma_f}(Y_{if}|\mathbf{X}_{if})] \\ &\quad + [E_{\beta_m, \sigma_f}(Y_{if}|\mathbf{X}_{if}) - E_{\beta_f, \sigma_f}(Y_{if}|\mathbf{X}_{if})], \end{aligned} \quad (5)$$

and

$$\begin{aligned} \Delta_m^{Tobit} &= [E_{\beta_m, \sigma_m}(Y_{im}|\mathbf{X}_{im}) - E_{\beta_m, \sigma_m}(Y_{if}|\mathbf{X}_{if})] \\ &\quad + [E_{\beta_m, \sigma_m}(Y_{if}|\mathbf{X}_{if}) - E_{\beta_f, \sigma_f}(Y_{if}|\mathbf{X}_{if})], \end{aligned} \quad (6)$$

where $E_{\beta_g, \sigma_g}(Y_{ig}|\mathbf{X}_{ig})$ now refers to the conditional expectation of Y_{ig} evaluated at the parameter vector β_g and the error variance σ_g for $g = f, m$. In both equations the first term on the right hand side displays the part of the differential in the outcome variable between the two groups that is due to differences in the covariates \mathbf{X}_{ig} , and the second term the part of the differential in Y_{ig} that is due to differences in coefficients.

The two versions of the decomposition equation may differ from each other, if large differences in the variance of the error term between the two groups exist. Note however, that the decomposition using σ_f to calculate the counterfactual parts, as in equation (5), is more comparable to the OLS decomposition described in equation (2), since the counterfactual parts differ from $E_{\beta_f, \sigma_f}(Y_{if}|\mathbf{X}_{if})$ only by using the parameter vector for group m , β_m , rather than by using the parameter vector *and* the error variance for group m in the alternative decomposition described in equation (6).

Using the *sample counterpart* of equation (4),

$$S(\hat{\beta}_g, \mathbf{X}_{ig}, \hat{\sigma}_g) = N^{-1} \sum_{i=1}^N \left\{ a_1 \Phi_1(\hat{\beta}_g, \mathbf{X}_{ig}, \hat{\sigma}_g) + a_2 \Phi_2(\hat{\beta}_g, \mathbf{X}_{ig}, \hat{\sigma}_g) + \Lambda(\hat{\beta}_g, \mathbf{X}_{ig}, \hat{\sigma}_g) \left[\mathbf{X}_{ig} \hat{\beta}_g + \hat{\sigma}_g \frac{\lambda(\hat{\beta}_g, \mathbf{X}_{ig}, \hat{\sigma}_g)}{\Lambda(\hat{\beta}_g, \mathbf{X}_{ig}, \hat{\sigma}_g)} \right] \right\},$$

equation (5) can be estimated by

$$\begin{aligned} \hat{\Delta}_f^{Tobit} &= \left[S(\hat{\beta}_m, \mathbf{X}_{im}, \hat{\sigma}_m) - S(\hat{\beta}_m, \mathbf{X}_{if}, \hat{\sigma}_f) \right] \\ &\quad + \left[S(\hat{\beta}_m, \mathbf{X}_{if}, \hat{\sigma}_f) - S(\hat{\beta}_f, \mathbf{X}_{if}, \hat{\sigma}_f) \right] \end{aligned} \quad (7)$$

Similarly, equation (6) can be estimated by

$$\begin{aligned} \hat{\Delta}_f^{Tobit} &= \left[S(\hat{\beta}_m, \mathbf{X}_{im}, \hat{\sigma}_m) - S(\hat{\beta}_m, \mathbf{X}_{if}, \hat{\sigma}_m) \right] \\ &\quad + \left[S(\hat{\beta}_m, \mathbf{X}_{if}, \hat{\sigma}_m) - S(\hat{\beta}_f, \mathbf{X}_{if}, \hat{\sigma}_f) \right] \end{aligned} \quad (8)$$

If the dependent variable is not censored, i.e. if $a_1 \rightarrow -\infty$ and $a_2 \rightarrow \infty$, both equations reduce to the original Blinder-Oaxaca decomposition described in equation (2).

3 Empirical Illustration: Gender Wage Gap in Germany

To illustrate how the Blinder-Oaxaca decomposition for Tobit models works, we analyze the gender wage gap using data from the German Socioeconomic Panel (GSOEP) for the year 2004. We estimate the following wage equation separately for males (m) and females (f):

$$\ln(w_{ig}) = \mathbf{X}_{ig} \beta_g + \varepsilon_{ig}, \quad (9)$$

for $g = m, f$, where w_{ig} refers to the gross hourly wage rate of individual i in group g . The explanatory variables \mathbf{X}_i include the years of completed schooling, potential labor market experienced (calculated as *Age - Years of Schooling - 6*) and potential labor market experience squared, the number of children, and dummy

variables for married individuals, part-time workers, immigrants, and persons residing in East-Germany. We restrict our sample to working individuals aged 16 to 65. We eliminated all observations with missing values for at least one of the variables used in the analysis, which yields a sample of 3,610 observations for men and 2,465 observations for women.

Since the wage information in the GSOEP is not censored, we apply in a first step the original Blinder-Oaxaca decomposition described in equation (2) using the results of OLS-estimates of the regression model (9). In a second step, we censor the distribution of gross hourly wages at the lower and upper 10th percentile and estimate equation (9) by OLS using the transformed wage information as dependent variable to show the potential bias in the estimation results and wage decomposition when ignoring that the dependent variable is censored. In a final step, we use the transformed wage variable and estimate equation (9) using a Tobit model and apply the Tobit-Blinder-Oaxaca decompositions described in equations (7) and (8)¹. To be able to test the different decomposition results against each other, we obtained standard errors for the decomposition parts by bootstrapping with 1000 replications.

Table 1 reports the results from this analysis. The estimated coefficients of the OLS and Tobit-models reported in Parts A and B of Table 1, respectively, have the expected signs and are statistically significant at conventional levels. When using the artificial censored dependent variable, the Tobit estimates perform slightly better than the OLS-estimates, i.e. are closer to the respective estimation results when using the original uncensored wage information.

Based on the uncensored wage information, the results of the decomposition analysis reported in column 1 of Table 2 (which does not differ between the OLS and the various Tobit-decomposition methods) shows that more than 67% of the wage differential between men and women is attributable to differences in observable

¹We censored the dependent variable artificially in our example because we want to compare censored and uncensored estimates. Artificial censoring, however, does also permit an alternative decomposition strategy, which is based on the unconditional expectation of the latent dependent variable, $E(Y_{ig}^*|\mathbf{X}_{ig}) = E(Y_{ig}^*)$, instead of the unconditional expectation $E(Y_{ig}^*|\mathbf{X}_{ig})$. In such a case, it is sufficient to estimate the parameters of the Tobit model and to calculate the components of equation (2).

characteristics.

When using the original Blinder-Oaxaca decomposition (Δ^{OLS}), censoring the dependent variable from below or from both sides of the wage distribution increases the unexplained part of the wage differential, while the decomposition results do not change very much when wages are censored just from above. Furthermore, for left-censoring and censoring from both sides of the wage distribution the Tobit decomposition methods perform better than the original Blinder-Oaxaca decomposition. However, in our example t-tests demonstrate that the differences in the decomposition results between the uncensored and the three censored estimations are not statistically significant in all cases.

4 Conclusion

In this paper, a decomposition method for Tobit-models is derived. This method allows the decomposition of the difference in a censored outcome variable between two groups into a part that is explained by differences in the observed characteristics and a part attributable to differences in the estimated coefficients of these characteristics. Using data of the GSOEP, we find that the major part of the wage differential between men and women is attributable to differences in observable characteristics. In our application, applying the Tobit decomposition method produces better results than the original Blinder-Oaxaca decomposition when wages are censored from below and from both sides of the wage distribution. However, in our example the differences between the various decomposition methods are not statistically significant.

References

- ALTONJI, J., AND R. BLACK (1999): "Race and Gender in the Labor Market," in *Handbook of Labor Economics, Vol. 3C*, ed. by O. Ashenfelter, and D. Card. Elsevier Science, Amsterdam.
- BLINDER, A. S. (1973): "Wage Discrimination: Reduced Form and Structural Estimates," *Journal of Human Resources*, 8, 436–455.
- FAIRLIE, R. W. (1999): "The Absence of the African-American Owned Business: An Analysis of the Dynamics of Self-Employment," *Journal of Labor Economics*, 17, 80–108.
- (2003): "An Extension of the Blinder-Oaxaca Decomposition Technique to Logit and Probit Models," *Yale University Economic Growth Center Discussion Paper No. 873*, pp. 1–11.
- JUHN, C., K. M. MURPHY, AND B. PIERCE (1991): "Accounting for the Slowdown in Black-White Wage Convergence," in *Workers and Their Wages: Changing Patterns in the United States*, ed. by M. H. Koster. American Enterprise Institute, Washington.
- NEUMARK, D. (1988): "Employers' Discriminatory Behavior and the Estimation of Wage Discrimination," *Journal of Human Resources*, 23, 279–295.
- OAXACA, R. L. (1973): "Male-Female Wage Differentials in Urban Labor Markets," *International Economic Review*, 14, 693–709.
- OAXACA, R. L., AND M. RANSOM (1988): "Searching for the Effect of Unionism on the Wages of Union and Nonunion Workers," *Journal of Labor Research*, 9, 139–148.

Table 1: Estimation Results

	uncensored		left-censored		right-censored		left/right-censored	
	Men	Women	Men	Women	Men	Women	Men	Women
A: OLS estimates								
Education (Yrs.)	0.085 (0.003)***	0.077 (0.004)***	0.082 (0.003)***	0.074 (0.003)***	0.065 (0.002)***	0.070 (0.004)***	0.064 (0.002)***	0.068 (0.003)***
Experience	0.027 (0.003)***	0.035 (0.004)***	0.024 (0.003)***	0.029 (0.003)***	0.024 (0.003)***	0.033 (0.003)***	0.021 (0.003)***	0.027 (0.003)***
Experience ² × 10 ⁻²	-0.031 (0.007)***	-0.062 (0.008)***	-0.027 (0.006)***	-0.048 (0.006)***	-0.030 (0.006)***	-0.059 (0.007)***	-0.026 (0.005)***	-0.046 (0.006)***
Constant	1.223 (0.054)***	1.136 (0.064)***	1.306 (0.048)***	1.247 (0.052)***	1.482 (0.046)***	1.238 (0.060)***	1.540 (0.040)***	1.339 (0.048)***
R ²	0.38	0.26	0.40	0.30	0.36	0.25	0.41	0.31
B: Tobit estimates								
Education (Yrs.)	0.085 (0.003)***	0.077 (0.004)***	0.086 (0.003)***	0.083 (0.004)***	0.085 (0.003)***	0.075 (0.004)***	0.085 (0.003)***	0.080 (0.004)***
Experience	0.027 (0.003)***	0.035 (0.004)***	0.026 (0.003)***	0.035 (0.004)***	0.027 (0.003)***	0.035 (0.004)***	0.025 (0.003)***	0.034 (0.003)***
Experience ² × 10 ⁻²	-0.031 (0.007)***	-0.062 (0.008)***	-0.029 (0.007)***	-0.059 (0.007)***	-0.033 (0.007)***	-0.061 (0.008)***	-0.030 (0.006)***	-0.058 (0.007)***
Constant	1.223 (0.054)***	1.136 (0.064)***	1.230 (0.052)***	1.060 (0.061)***	1.215 (0.054)***	1.166 (0.062)***	1.242 (0.051)***	1.108 (0.059)***
McFadden Pseudo R ²	0.27	0.19	0.29	0.22	0.27	0.19	0.29	0.23

Notes: 3,610 observations for men and 2,465 observations for women. Standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Additional variables used: number of children and dummy-variables for marital status, part-time employment, immigrants and East-Germany.

Table 2: Decomposition Results

	uncensored	left-censored	right-censored	left/right-censored
$\hat{\Delta}^{OLS}$	0.326*** (0.014)	0.301*** (0.012)	0.288*** (0.013)	0.268*** (0.011)
Explained Part	0.220*** (0.025)	0.173*** (0.019)	0.198*** (0.023)	0.153*** (0.017)
in % of $\hat{\Delta}^{OLS}$	67.6*** (7.7)	57.3*** (6.1)	68.8*** (8.3)	57.1*** (6.2)
Unexplained Part	0.105*** (0.026)	0.128*** (0.019)	0.089*** (0.025)	0.115*** (0.017)
in % of $\hat{\Delta}^{OLS}$	32.3*** (7.7)	42.6*** (6.1)	31.1*** (8.3)	42.8*** (6.2)
$\hat{\Delta}_f^{Tobit}$	0.326*** (0.014)	0.301*** (0.013)	0.293*** (0.013)	0.270*** (0.011)
Explained Part	0.220*** (0.025)	0.189*** (0.019)	0.194*** (0.024)	0.164*** (0.017)
in % of $\hat{\Delta}^{Tobit}$	67.6*** (7.7)	62.7*** (6.1)	66.3*** (8.2)	60.6*** (6.4)
Unexplained Part	0.105*** (0.026)	0.112*** (0.019)	0.098*** (0.025)	0.106*** (0.018)
in % of $\hat{\Delta}^{Tobit}$	32.3*** (7.7)	37.2*** (6.1)	33.6*** (8.2)	39.3*** (6.4)
σ_f	0.453	0.420	0.439	0.399
$\hat{\Delta}_m^{Tobit}$	0.326*** (0.014)	0.301*** (0.013)	0.293*** (0.013)	0.270*** (0.011)
Explained Part	0.220*** (0.025)	0.187*** (0.018)	0.195*** (0.024)	0.163*** (0.017)
in % of $\hat{\Delta}^{Tobit}$	67.6*** (7.7)	62.1*** (6.0)	66.5*** (8.3)	60.3*** (6.3)
Unexplained Part	0.105*** (0.026)	0.114*** (0.019)	0.098*** (0.025)	0.107*** (0.018)
in % of $\hat{\Delta}^{Tobit}$	32.3*** (7.7)	37.8*** (6.0)	33.4*** (8.3)	39.6*** (6.3)
σ_m	0.455	0.431	0.444	0.412

Notes: Decomposition results based on the regression results in Table 1. Bootstrapped (1,000 replications) standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%.

Appendix

TABLE: Descriptive Statistics

	Wages		Education		Experience	
	(1)	(2)	(3)	(4)	(5)	(6)
	Men	Women	Men	Women	Men	Women
Uncensored	15.879 (0.239)	11.654 (0.234)	12.398 (0.070)	12.263 (0.082)	23.707 (0.268)	22.664 (0.379)
Left-censored	15.977 (0.236)	11.836 (0.230)	-	-	-	-
Right-censored	14.847 (0.164)	11.360 (0.164)	-	-	-	-
Left/Right-censored	14.945 (0.160)	11.542 (0.159)	-	-	-	-

Notes: 3,610 observations for men and 2,465 observations for women. Standard deviations in parentheses.