

ABSTRACT

This study presents an analysis of the gender wage gap as well as its explained and unexplained components in the Jakarta Metropolitan Area, Indonesia using the Blinder-Oaxaca method with data provided by 2019 Jakarta Metropolitan Area Commuter Survey. The addition of commuting time as one of the explanatory factors is a novel aspect of the analysis. Three different methods known as ordinary least squares, two-stage least squares, and the Heckman selection model are used to estimate wage equations for men and women.

Depending on the methodology, estimates of the gap range from 3.6% to 11%. The decomposition of the gap reveals that between 2% and 4% of the gap is explained by the worker characteristic known as endowment factor while 6% to 13% of the gap is unexplained. This shows that the contribution of the unexplained factor to the income gap between genders is greater than the endowment factor. Commute time is found to account for 0.2% to 0.9% of the logarithmic wage gap explained by the worker characteristics.

Keywords: Gender Wage Gap, Commuting, Blinder-Oaxaca Decomposition

JEL classification: J31, J00, R41, R23