

Globalization and within-firm wage inequality: Evidence from Japanese firm-level data

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Abstract

This paper illustrates the way in which exporting increases within-firm wage inequality. Using compensation data of approximately 16,000 Japanese corporations from 2006 to 2012, propensity score matching is applied to identify the impact of exporting on the wage differential between top executives and all other employees. Evidence shows that exporting contributes to the growth in the wage differential. However, the sizes of the effect are relatively modest — they are estimated to increase by a standard deviation of nearly 10% in the wage differential.

Key words: International Trade; Wage inequality; Entrepreneurs; Matching; Multinationals

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