

# The Gender Gap: Micro Sources and Macro Consequences\*

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## Abstract

We investigate the sources of the gender wage gap and its relation to firm heterogeneity. We document a gender wage gap of 20 log points conditional on education interacted with experience, state, industry, and occupation among workers in Brazil. Accounting for unobservable worker and firm heterogeneity, we find that around 46 percent of the residual gender wage gap is between firms, while the remainder is within firms. We highlight lower labor market mobility of women relative to men as an important explanatory factor for pay differences both within and between firms. We develop an equilibrium search model with firm productivity differences, worker ability differences, gender-specific amenities, and employer taste for discrimination. We use the estimated model to show that gender differences in life-cycle mobility across employers are a major contributor to the observed gaps and associated with sizable negative consequences for macroeconomic outcomes such as aggregate productivity, employment, and output.

**Keywords:** Firm Pay Differences, Worker and Employer Heterogeneity, Linked Employer-Employee Data, Income Inequality, Misallocation

**JEL classification:** E24, E25, J16, J31, J71

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