

The Econometrics of Wage Decompositions
Ronald L. Oaxaca
University of Arizona and IZA

Abstract: This is a doctoral level course in the econometric issues that arise in wage decomposition methodology. The course begins with a review of basic Blinder/Oaxaca approaches to linear models. Issues that are subsequently examined include identification problems, generalized decompositions, standard error derivations, selection correction models, and nonlinear models. Applications of the decomposition approach to correction of intra-firm salary inequities will be considered. Each of the concepts is illustrated with empirical examples drawn from the literature.