Convergences in Men’s and Women’s Life Patterns: Lifetime Work, Lifetime Earnings and Human Capital Investment

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May 2014
Motivation

• Our research takes a longer comparative look of evolving patterns, with 50 years of US CPS data to track the changing levels of and returns to human capital in terms of education and potential experience

• We address self-selection into the labor market for both women and men and the effects of selection on earnings
Empirical Specification

1. OLS specification
   \[ w_{it} = \alpha_{it} + \beta_{it}X_{it} + \varepsilon_{it} \]
   separately for each individual \( i \) by gender and year \( t \). \( X \) is a vector that includes educational attainment dummies, potential work experience as a quartic, race dummies, a rural-urban dummy and regional dummies. Base categories: high school dropout, race other than white or black, rural and the West region.

2. 2-step Heckman selection model
   \[ P_{it}(LFP = 1|Z = 1) = \Phi(Z\delta) \] (participation equation)
   \[ w_{it} = \alpha_{it} + \beta_{it}X_{it} + \rho_{it}\hat{\lambda}_{it} + \varepsilon_{it} \] (wage equation)
   \[ \Rightarrow \hat{\lambda}_{it} = \lambda(Z_{it}\hat{\delta}_{it}) \] (inverse Mills ratio, for the participation equation we include as an exclusion restriction marital status for both men and women)
Descriptive Results: Hourly Wage and Annual Earnings

Hourly Wage

Annual Earnings
Selection: Mills Effect in percentage, log real hourly wage