

# Wage Gaps Thesis

Emma Terblanche<sup>a</sup>

<sup>a</sup>*Stellenbosch University*

---

*Keywords:* Wage Gaps, South Africa, Race

---

## 1. Introduction

## 2. Research Question

## 3. Literature Review

## 4. Data

## 5. Methodology

---

## 6. Results

Table 6.1: Mincer Regressions

	<i>Dependent variable:</i>	
	logsal	
	(1)	(2)
RaceColoured	0.286*** (0.024)	0.280*** (0.024)
RaceIndian/Asian	0.708*** (0.050)	0.710*** (0.050)
RaceWhite	0.879*** (0.032)	0.868*** (0.032)
prispline	0.035*** (0.002)	0.042*** (0.003)
secspline	0.203*** (0.002)	0.229*** (0.003)
terspline	0.351*** (0.005)	0.372*** (0.005)
AgeSq	−0.001*** (0.00003)	
Age	0.070*** (0.002)	
exp		0.046*** (0.001)
expsq		−0.001*** (0.00002)
Gender	−0.398*** (0.007)	−0.395*** (0.007)
Y2005	0.204*** (0.014)	0.204*** (0.014)
Y2009	0.672*** (0.013)	0.674*** (0.013)
Y2013	0.674*** (0.014)	0.674*** (0.014)
Y2016	0.933*** (0.014)	0.933*** (0.014)
RaceColoured:Y2005	−0.0005 (0.032)	0.003 (0.032)
RaceIndian/Asian:Y2005	−0.230*** (0.077)	−0.231*** (0.077)
RaceWhite:Y2005	−0.101** (0.048)	−0.103** (0.048)
RaceColoured:Y2009	0.045 (0.033)	0.049 (0.033)
RaceIndian/Asian:Y2009	−0.143** (0.064)	−0.146** (0.064)
RaceWhite:Y2009	−0.134*** (0.041)	−0.144*** (0.041)
RaceColoured:Y2013	−0.154*** (0.036)	−0.149*** (0.036)
RaceIndian/Asian:Y2013	1.068*** (0.098)	1.066*** (0.098)
RaceWhite:Y2013	0.701*** (0.050)	0.693*** (0.050)
RaceColoured:Y2016	0.074** (0.036)	0.077** (0.036)
RaceIndian/Asian:Y2016	−0.020 (0.073)	−0.031 (0.073)
RaceWhite:Y2016	0.029 (0.044)	0.017 (0.044)
Constant	4.610*** (0.047)	5.485*** (0.022)
Observations	80,410	80,410
R <sup>2</sup>	0.427	0.427
Adjusted R <sup>2</sup>	0.427	0.427
Residual Std. Error (df = 80384)	1.049	1.048
F Statistic (df = 25; 80384)	2,396.694***	2,400.680***

Note:

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

---

## 7. 2002, 2005, 2009, 2013, 2016 Results

### 7.1. *Without Experience*

In 2002: - White South Africans earned 88% more than Black South Africans. - Indian/Asian South Africans earned 70% more. - Coloured South Africans earned 28.56% more.

In 2005: - Black workers earned 20.4% more than in 2002. - Relative to Black workers, Coloured workers earned 0.04% less than in 2005 than in 2002. - The gap between Indian/Asian workers and Black workers decreases by 22.98% by 2005. - The gap between White and Black workers also decreased, but only by 10.06%

By 2009: - Relative to 2002, Black workers earned 67.24% more. - Coloured workers earned 4.46% more relative to Black workers in 2002. - The gap between Indian/Asian and Black wages continued to decrease but only by 14.25% between 2002 and 2009. - The White-Black wage gap also decreased by 13.43%

By 2013: - Black workers earned 67.36% more in 2013 than in 2002 (very similar to 2009 - wage growth stagnating?) - Relative to Black workers in 2013, Coloured workers earned 15.42% less - The Indian/Asian-Black and White-Black wage gaps started to increase again in 2013 (106.78% and 70.10% respectively)

By 2016: - Relative to 2002, Black workers earned 93.27% more. - The Coloured-Black and White-Black wage gaps increased by 7.43% and 2.88% respectively. - The Indian/Asian-Black wage gap decreased by 2.02%.

### 7.2. *With Experience:*

Very similar. Same trends, except: 2005 Coloured-Black wage gap now increase by 0.28% instead of decrease.

## 8. 2002, 2009, 2016 Results

Without Experience: As shown by the positive coefficients on the race categories in the first regression column, Black South Africans had the lowest salary expectations of the race groups. White South Africans were likely to earn 90% more than Black South Africans. Indian/Asian South Africans earned just over 70% more, and Coloured South Africans earned 27.83% more. The wage gap between Black and Coloured workers increased slightly between 2002 and 2009 by 0.49%. It further increased by 0.79% by 2016. The gap between the salaries of Black workers and that of Indian/Asian and White

---

workers decreased from 2002 to 2009 by 13.7% and 13.04% respectively. The narrowing of the gap between Black and Indian/Asian workers appear to have plateaued between 2009 and 2016. In this period, the reduction was much smaller at approximately 0.67%. The wage gap between Black and White workers increased slightly again after 2009 by 4.04%.

NOTAS: - neem aan dis “percent” en nie “percentage points” nie. - lyk my iets (once off) het gebeur tussen 2002 en 2009 wat die gaps baie kleiner gemaak het. - Weer erger na 2009

With Experience: Very similar.

## **9. Conclusion**

## **10. Conclusion**

---

## References

00

## Appendix

### *Appendix A*

Some appendix information here

### *Appendix B*