

Discrimination or differing model structures?

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Abstract: The Blinder-Oaxaca (B-O) decomposition has been widely used in continuous outcome comparisons between two groups of people; however, controversies and limitations with this method remain. In this paper, operating under the same-model structure, we suggest employing a multiple regression using a dummy variable to represent discrimination, and we compare this strategy with results obtained from a B-O decomposition and a Neumark decomposition, both in theory and using a simulation study. In addition, we extend these methods to cover binary outcomes.

Keywords: Blinder-Oaxaca decomposition, Neumark decomposition, multiple regression, discrimination

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