



Universität
Basel

Research Project

The Impact of a Business Cycle Shock on the Gender Wage Gap: Evidence from Switzerland

Project funded by own resources

Project title The Impact of a Business Cycle Shock on the Gender Wage Gap: Evidence from Switzerland

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Organisation / Research unit

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Project start 01.10.2019

Probable end 31.12.2023

Status Completed

We provide first estimates for the impact of an exogenous business cycle shock on the unexplained gender wage gap. Using detailed labour market data for Switzerland, we exploit the unanticipated appreciation of the Swiss Franc in January 2015 ("Swiss Franc Shock") as an exogenous shock with heterogeneous impacts on firms, depending on their relative trade exposure. The semi-parametric identification strategy ensures covariate balance and reduces potential bias compared to estimates using the standard parametric methods in the gender wage gap literature. We identify a widening of the unexplained gender wage gap for sectors with relatively negative trade exposure and a shrinking of the gap for relatively positively exposed sectors, which is due to compositional changes in the respective labour markets. Our results suggest that the negative effects are driven in part by the laying off of so-called "substitutable" workers.

Keywords Gender Wage Gap, Business Cycles, Natural Experiment, Inverse Probability Weighting

Financed by

University funds

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