Abstract

Abstract of thesis entitled "The Employment Sample Selection Bias and Gender Income Gap in Urban China", submitted by HE Jiangshan (M-B2-5659-1) for the degree of Master of Social Sciences in Economics at the University of Macau in August 2014.

Studies looking at the gender income gap of China find that the average income of male living in urban areas is significantly higher than the average female income, particularly among the lower educated group. Given the low employment rate among low educated people, the average incomes might suffer a severe bias due to an employment selection problem; the potential income of people who choose not to work may be systematically different from those who choose to work. In this thesis, I re-examine the gender income inequality among low educated Chinese. Using China Household Finance Survey in year 2011, the results show that employment selection problem exists in both low educated male and female sample. After applying the Heckman two-step method to correct for the selection bias, the gender income gap becomes statistically insignificant and much smaller than the results from a simple OLS regression. Specifically, male average income is only 9.5% higher than female, comparing to 43% when ignoring the selection problem.

Key words: *Gender income gap, Employment selection bias, Heckman two-step model*

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