

ABSTRACT

While some studies have identified the gender earnings gap in the formal sector in Indonesia, a little study explores the nature of gender earnings gap in the informal sector. This paper aims to provide a picture about the gender earnings gap in the formal and informal sectors in Indonesia, using the most recent Indonesia Family Live Survey (IFLS) data. Because there exists job heterogeneity between two sectors, the quantile decomposition has been applied. The results show a downward pattern across the earnings distribution for both sectors. The total gap can be generally explained by endowment factors in the formal sector. On the other hand, in the informal sector, most of the gaps are due to unexplained factors.