

DOI: 10.19275/RSEP042

Received: 20.11.2017

Accepted: 05.04.2018

**HAPPIER UPPER CLASSES? – DO THE INTRA-FIRM  
COMPENSATION GAP AND GENDER WAGE  
DISCRIMINATION EXIST: EVIDENCE FROM A CHINESE  
COMPANY UNDER A TWO-TIER FRONTIER MODEL<sup>1</sup>**

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**Abstract**

We examine the intra-firm compensation gap and gender wage discrimination in a listed company in China. We argue that the difference in bargaining ability of different level of employee can bring intra-firm compensation gap and we know that gender wage discrimination does exist at the bottom levels of employee. The bottom levels of employee have less bargaining ability than the firm, then get negative net surplus on wage that shows the existence of wage discrimination. While the upper levels of employee have stronger bargaining ability than the firm and will get positive net surplus on wage, which proves that the intra-firm compensation do really exist and the firm will pay more for upper levels. For bottom levels, female has relatively less bargaining ability than male and gets less wage, showing the existence of gender wage discrimination. Upper levels have almost the same bargaining ability as the firm and can get small amount of positive net surplus and there is no gender wage discrimination.

**Keywords:** Two-tier frontier, Bargaining ability, Gender wage discrimination, Intra-firm compensation.

**JEL Classification:** D31, J24, J31.

**Citation:** Zhu, Z. & Qin, F. (2018). Happier Upper Classes?-Do the Intra-Firm Compensation Gap and Gender Wage Discrimination Exist: Evidence from Chinese Company Under a Two-Tier Frontier Model, Review of Socio-Economic Perspectives, Vol. 3(1), pp. 29-45. DOI: 10.19275/RSEP042.

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<sup>1</sup>This research was funded by the HUST Graduate academic exchange program of School of Economics. We extend our gratitude to those concerned.