

A Secular View of the Gender Wage Gap in the Minimum Wage Occupations of Cyprus

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Abstract

Existing econometric studies on the Gender Wage Gap (GWG) in Cyprus, which (i) net out of the raw GWG the portion that can be explained by productive characteristics, (ii) take into account possible effects from the Minimum Wage (MW) in calculating the GWG, (iii) do so, using fine occupations which correspond to the legal implementation of the MW, and (iv) are as up-to-date as existing data allow, are not available. This paper aims to fill this gap using 4-digit data from the 2006, 2010, 2014, and 2018 Structure of Earnings Survey (SES) data. The unconditional GWG in the four surveys was 0.316, 0.225, 0.113 and 0.117 In wage points respectively. In the first two surveys, netting out the Explained contribution of productive characteristics removes a substantial amount from the GWG, leaving an Unexplained GWG of 0.217 and 0.135 In wage points. By the time of the last two surveys, which overlap with the Cyprus Crisis (2012-2016) and its effects on the labour market, no further role is left for the *available* explanatory variables, leaving the Unexplained component for 2014 and 2018 at 0.118 and 0.110 In wage points respectively; the total Explained portion is not significantly different from zero in either 2014 or 2018. The high Unexplained levels of the GWG prompt the question of whether reductions in the GWG through explanatory variables have stalled, a concern raised in several international studies.

Keywords: Gender Wage Gap, Decompositions, Explained, Unexplained.

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