

The Evolution of the Gender Wage Gap in the Labour Market of Cyprus

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Abstract

Until now, the only available econometric studies of the Gender Wage Gap (GWG) which are wholly devoted to Cyprus pre-date the country's accession to the European Union in 2004. This paper aims to fill the time-gap to the present, using 4-digit data from the 2006, 2010, 2014, and the latest 2018 Structure of Earnings Survey (SES). It does so, also (i) calculating the portion of the GWG which can be explained by productive characteristics, (ii) conditioning on a binary occupational fixed effect *at the 4-digit level* which captures the influence of the legal minimum wage (MW) in nine occupations, and (iii) controlling for possible industry fixed effects. In the 2006 SES, the unconditional GWG took a sizeable step down from previous Cyprus-specific estimates, to a new low of 0.186 (unweighted) and 0.267 (weighted) In wage points. It continued a downward path in 2010 to 0.169 (unweighted) and 0.197 (weighted) points, reaching 0.160 (unweighted data) and 0.124 (weighted) points in 2014, and 0.100 (unweighted) and 0.103 (weighted) In wage points in 2018. The *explained* portion of the overall GWG also declined over time, and by 2018 it was essentially zero for the unweighted and weighted data. This suggests that, by that time, the explanatory variables available in the SES for men and women had converged in their average values. Indeed, in 2018 and on average, (i) more women than men had attained university education, (ii) women held equally long or longer spells with the same employer, and (iii) had a comparable record with men in holding contracts of indefinite duration. The remaining, *unexplained* 2018 GWG portion, which at 0.100 In wage points was roughly equal to the GWG itself, may relate to residual discrimination, but also to the nature of jobs, family formation and its functioning, and to work/family reconciliation policies. These issues are now the subject of considerable academic attention, and the paper concludes with observations on the implications of this international work for Cyprus.

Keywords: Gender Wage Gap, Decompositions, Explained, Unexplained, work/family reconciliation policies.

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