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**Titel:** The Gender Wage Gaps, 'Sticky Floors' and 'Glass Ceilings' of the European Union

**Abstract:** We consider and attempt to understand the gender wage gap across 24 EU member states, all of which share the objective of gender equality, using 2007 data from the European Union Statistics on Income and Living Conditions<sup>2</sup>. The size of the gender wage gap varies considerably across countries and selection corrections affect the offered gap, sometimes substantially. A large part of the wage gap is not explained by characteristics and, indeed, in several countries the unexplained gap is larger than the total, suggesting that female characteristics are superior to the male ones.

The gender wage gap decompositions are performed using the methodology proposed by Oaxaca and Ransom (1994) with and without Heckman (1974, 1979) corrections. The extent of the wage gap across the wage distribution is based on the quantile regression procedure proposed by Melly (2005). The methodology of Olivetti and Petrongolo (2008) is also used to explore the impact of differential employment rates on the observed wage distributions and some noteworthy differences between the corrected wage gaps and those that emerge through the Heckman (1974, 1979) corrections are discerned. When the decomposition is performed across the wage distribution using quantile regression, the unexplained gender wage gap widens at the top of the distribution (glass ceiling effect) in most countries and, in some cases, it also widens at the bottom of the distribution (sticky floor effect).

The unexplained gender wage may not be due to female disadvantage because data limitations may preclude study of important forces. Such forces may include countryspecific institutions and policies which would not show up in individual (or even in a small group of) country studies. To explore these it is necessary to study a large number of countries where the variability is due to policies and not other forces, such as the proclivity to discrimination. Focusing on EU member states is useful in that they all, at least nominally, espouse non-discriminatory attitudes and practices. The OECD (2001) Work-family Reconciliation Index is a convenient summary of the policies prevailing in MSs on work-family issues. We reconstruct this index using newly provided data from Eurostat (2009). In addition, the trade union membership rate is used as a proxy for the wage-setting environment in each Member State.

We find that the trade union membership rate is negatively related to the average and median unexplained wage gaps. Generous policies concerning the reconciliation of work and family life also reduce the mean and median unexplained wage gaps. These effects are rather different at the tails of the unexplained gender wage gaps. There is some evidence that countries with more generous work-family reconciliation policies tend to have stronger glass ceiling and sticky floor effects and regression analysis suggests that, at the mean, this may be due to maternity policies. It is conceivable that, if these are long and generous, they may encourage absences from the labour market which, in the end, have unintended effects as returning female workers are only able to command lower wages. Such effects, if confirmed

by further study, would suggest that care should be taken in the design of work-family reconciliation policies.

1 The paper has appeared as an IZA working paper and can be found at:

<http://ftp.iza.org/dp5044.pdf>

The data are from the European Commission, Eurostat, cross-sectional EU SILC UDB 2007, version 1

of March 2009. Eurostat has no responsibility for the results and conclusions of this paper.

2 We examine the EU-25 member countries except Malta (Austria, Belgium, Cyprus, Czech Republic,

Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania,

Luxembourg, The Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden and

United Kingdom)