



How has gender income inequality in Ireland and the UK changed since 2008 and why?

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Introduction (1/3)

- Gender pay gap well studied
 - Goldin, 2014; Blau & Kahn, 2017
 - Falling slowly in most countries
- Also, lots of investigation of the gender work gap
 - Olivetti & Petrongolo (2008); Keller (2019)
 - Some convergence in participation rates but differences in work hours still considerable

Introduction (2/3)

- Combining the gender wage gap and the gender work gap (and other factors) gives **the gender gap in market income**
- Adding the impact of tax-benefit system gives **the gender gap in disposable income**
 - Disposable income is the target of policymakers, but harder to measure at the individual level
 - Taxes and benefits can affect men and women differently
- Growing literature examines the composition of this gap in a cross-country setting
 - Figari et al (2011), Avram & Popova (2022), Doorley & Keane (2023)

Introduction (3/3)

Missing from this literature is:

- Time series dimension. How is the evolution of the wage/work gap and the tax-benefit system affecting gender income inequality?
- Consideration of some of the 'other' factors
 - E.g. self-employment status
- A distributional perspective, going beyond averages

Objectives

- We estimate the gender gap in **individual disposable incomes** in the UK and IE for the working age population (20-65 yo)
 - across the income distribution
 - in a historical perspective
 - isolating the effect of gender gaps in:
 - hourly wages
 - hours of work
 - self-employment
 - the combination of these
 - taxes and benefits
- We use EUROMOD for Ireland with EU-SILC data and UKMOD for the UK with the FRS.



Country context (1/4)

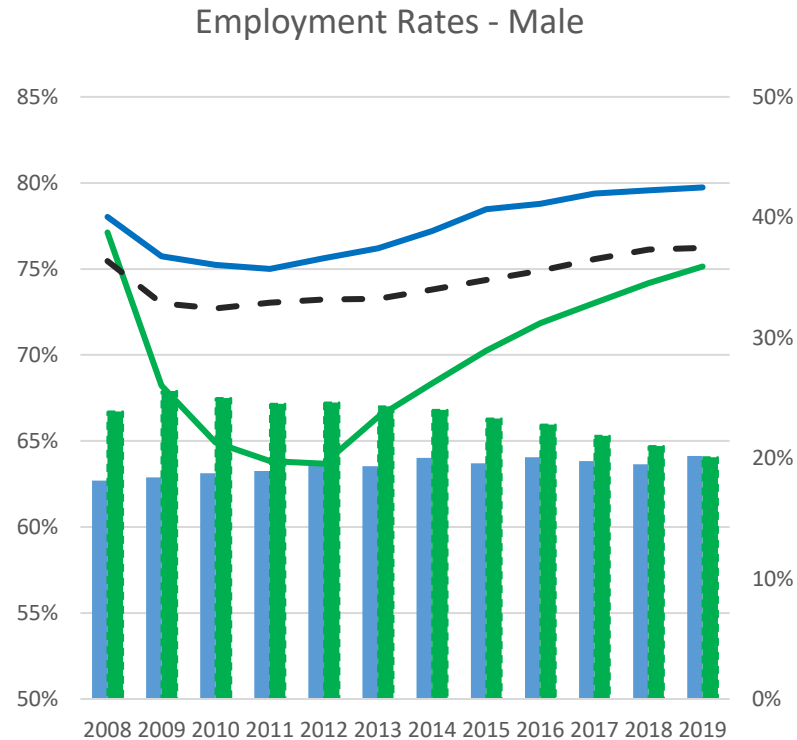
- Both countries have a residual/liberal type of welfare state with a strong focus on targeting, and labour markets with significant shares of low-paid and part-time employment
- Time period: 2008-2019
 - Female labour supply increased after the crisis compared to male
 - Strong austerity measures

Country context (2/4): Hourly Gender Pay Gap

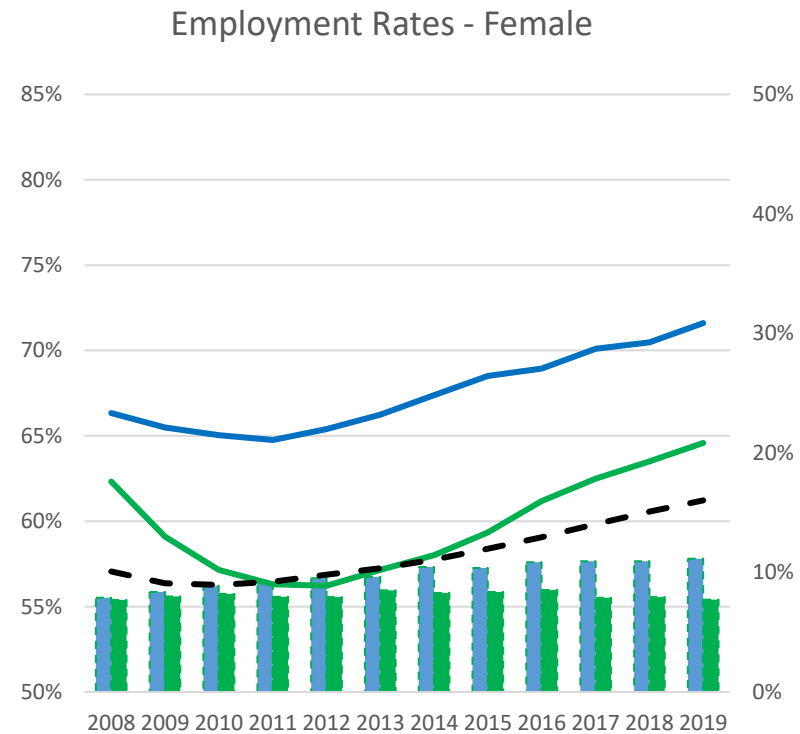
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ireland	12.6	12.6	13.9	12.7	12.2	12.9	13.9	13.9	14.2	14.4	11.3	10.8
UK	21.4	20.6	23.3	21.8	22.6	21.0	20.9	21.0	20.7	20.8	19.8	n/a

Source: EUROSTAT

County context (3/4): Employment & Self-employment

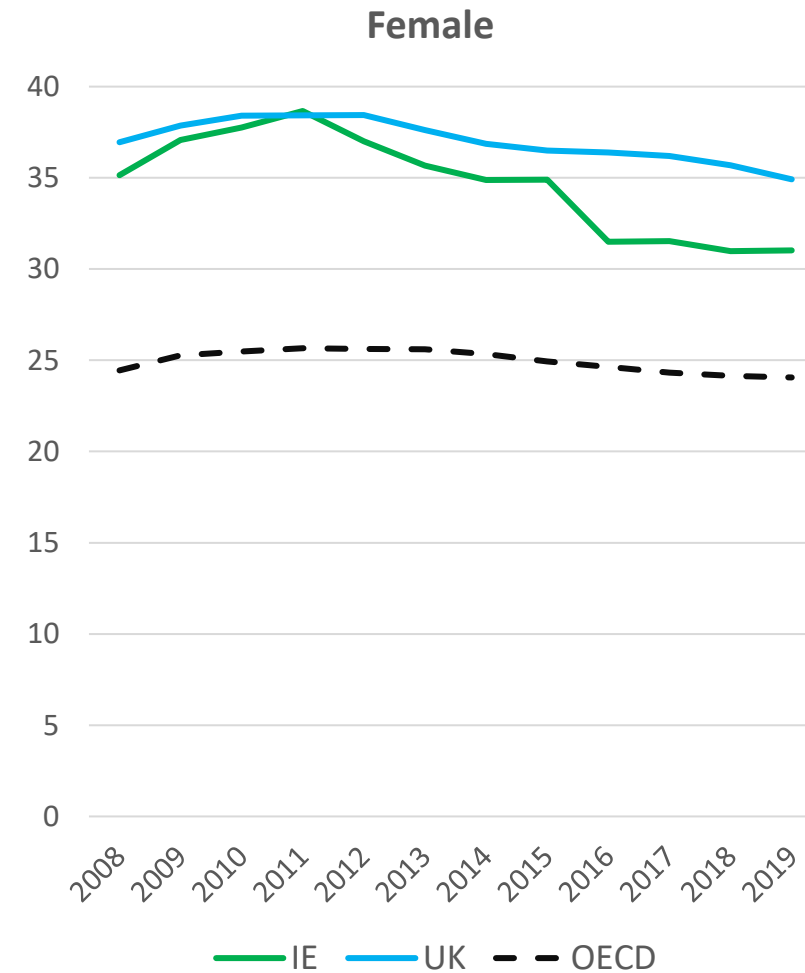
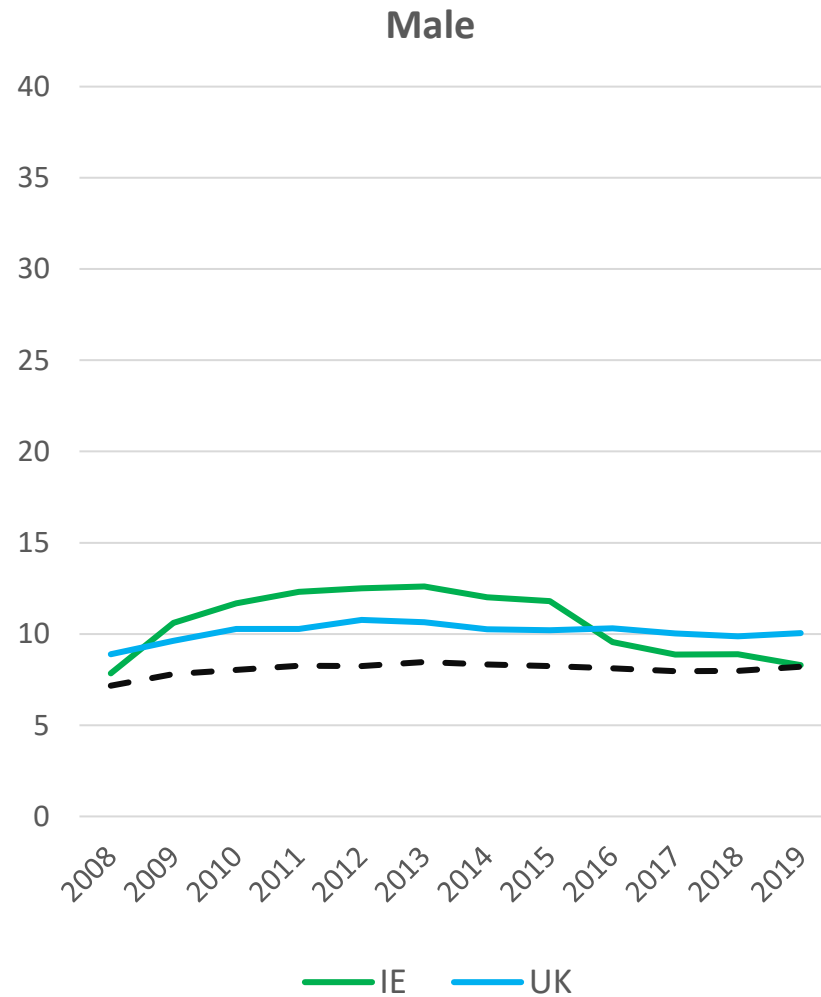


■ UK SE rate
■ Ireland
— United Kingdom
- - OECD countries



■ UK SE Rate
■ Ireland
— United Kingdom
- - OECD countries

Country context (4/4): Part-time employment



Methodology (1/2)

- We create counterfactual market income distributions for women:
 1. if they had a similar hourly wages to men
 2. if they worked similar hours to men
 3. if they had similar self-employment status to men
 4. If they had all of these similar to men
- This allows us to estimate the relative contribution of each of these to the gender gap in market income, Gap_M , or the gap in monthly market income between men and women, as a proportion of male disposable income.
- ‘Other’ factors also affect the Gap_M e.g. investment income, demographics, unobservables

Methodology (2/2)

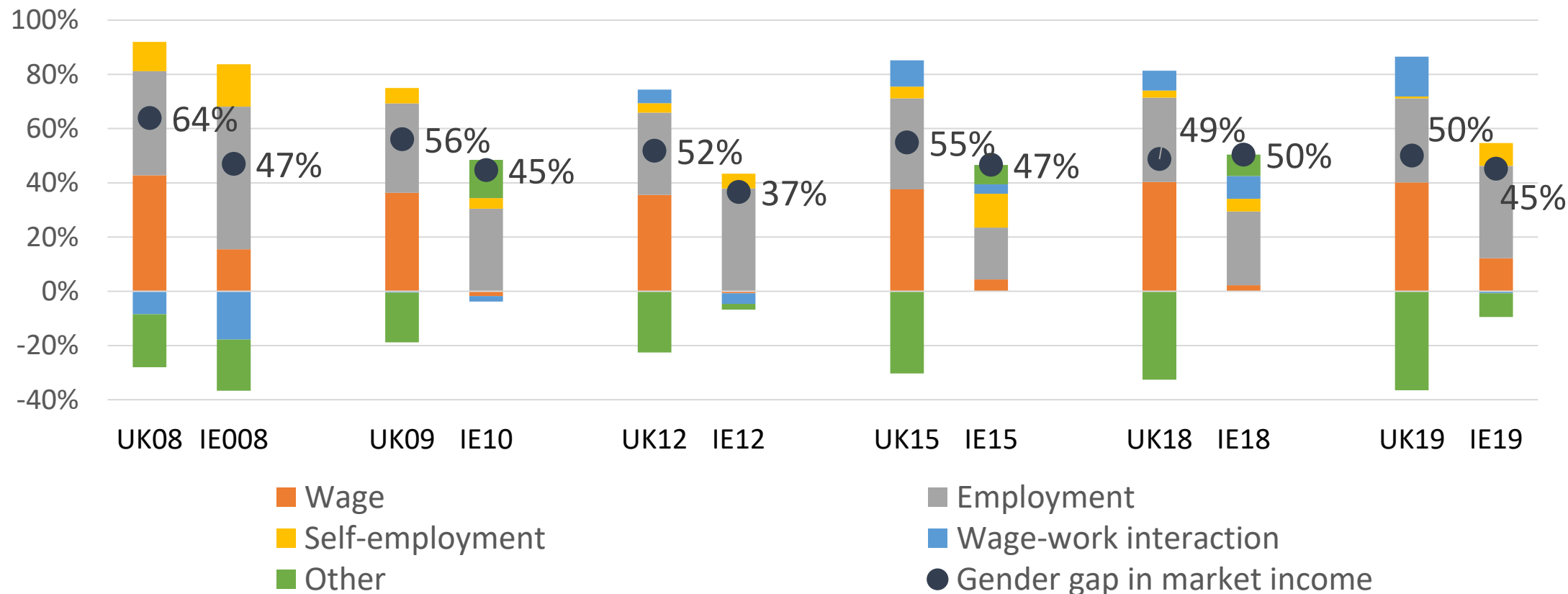
- Introducing the tax-benefit system:

$$C = Gap_M - Gap_D$$

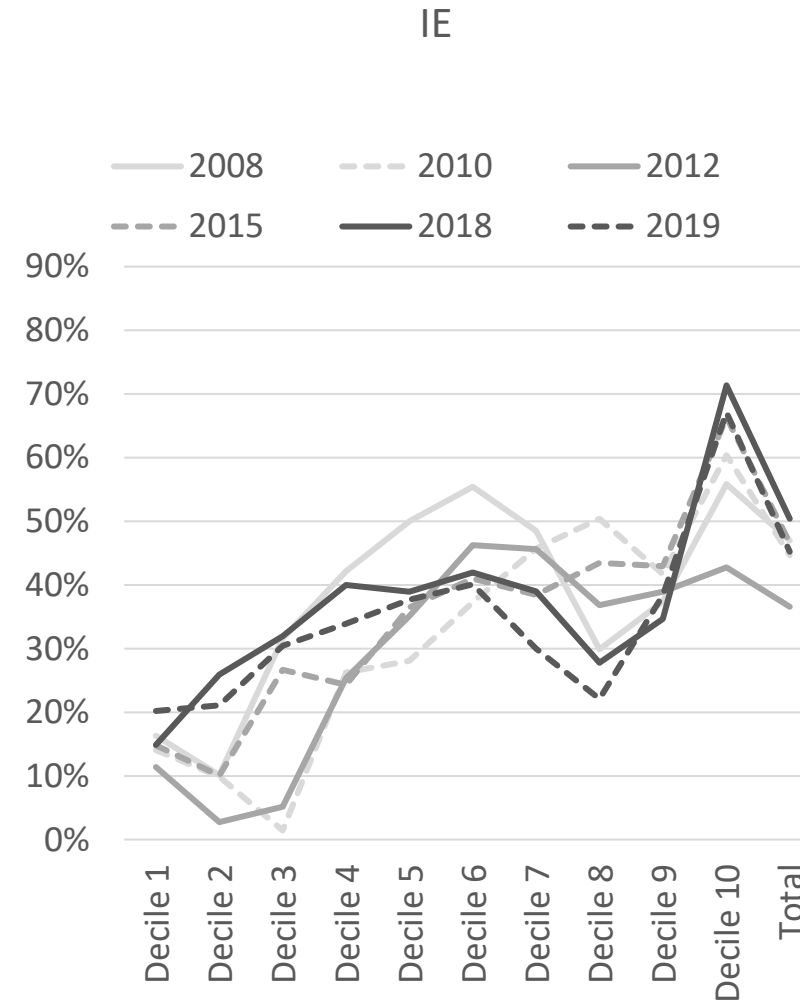
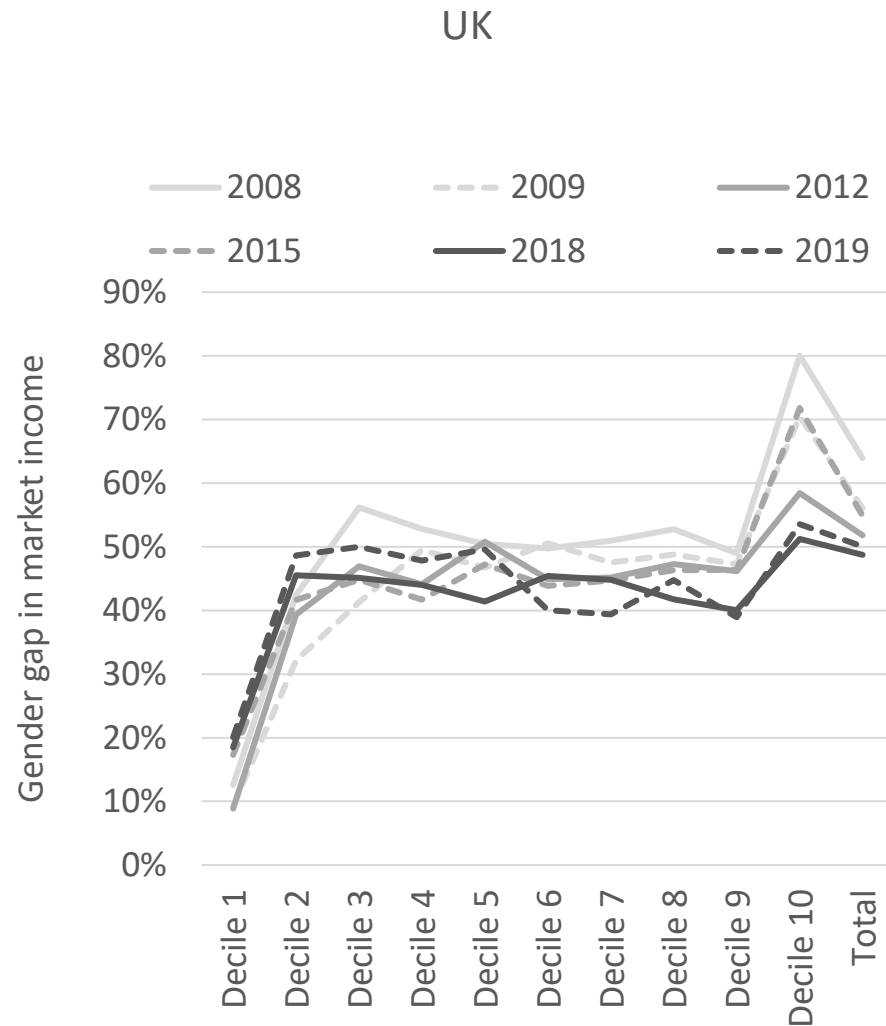
- Where Gap_D is the gender gap in **individual disposable income** (i.e. minimal pooling), or the gap in monthly disposable income between men and women as a proportion of male disposable income.
- At specified quantiles, τ , of the disposable income distribution:

$$C(\tau) = Gap_M(\tau) - Gap_D(\tau)$$

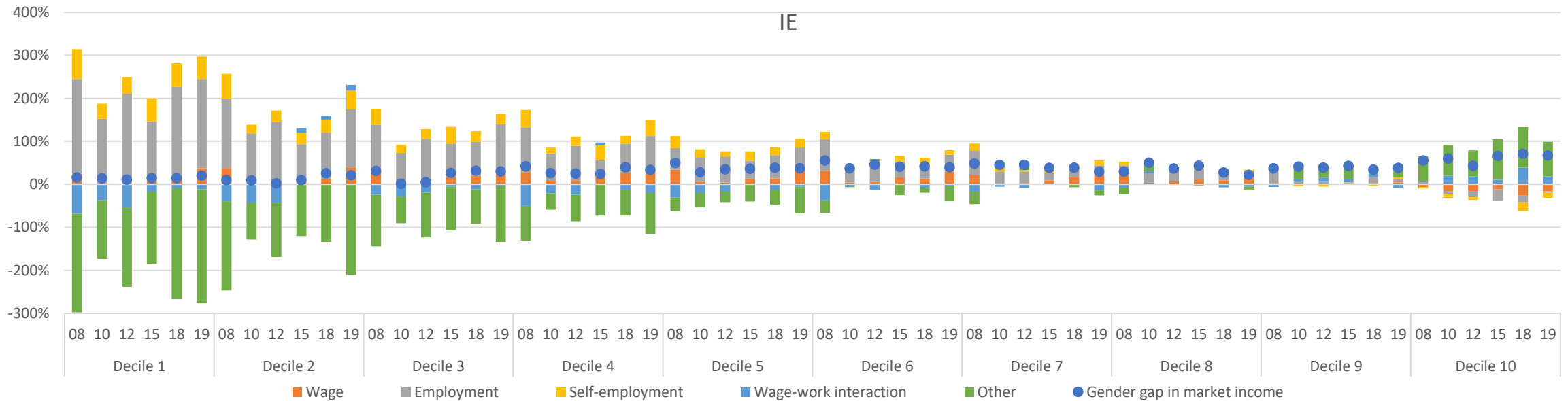
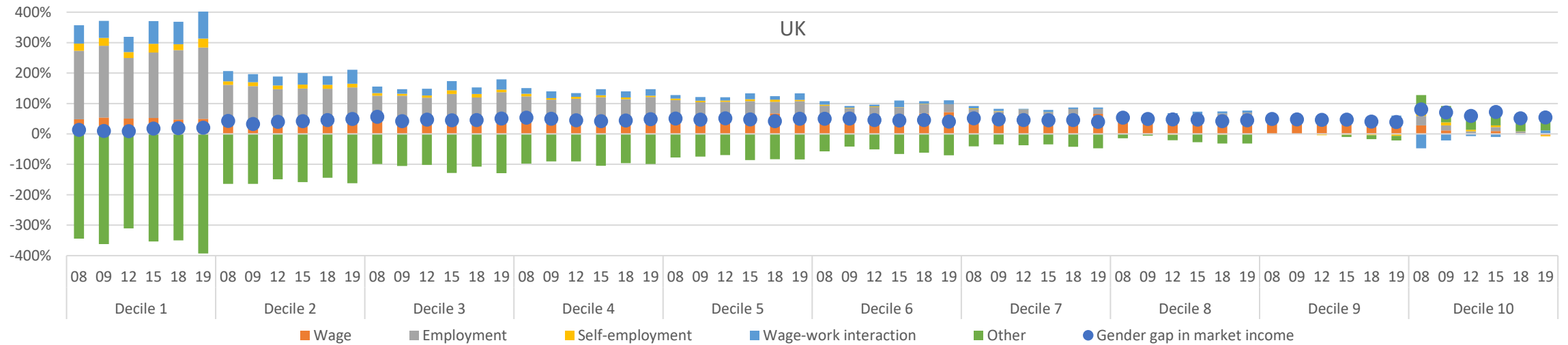
Results (1/5): Gender gap in market income



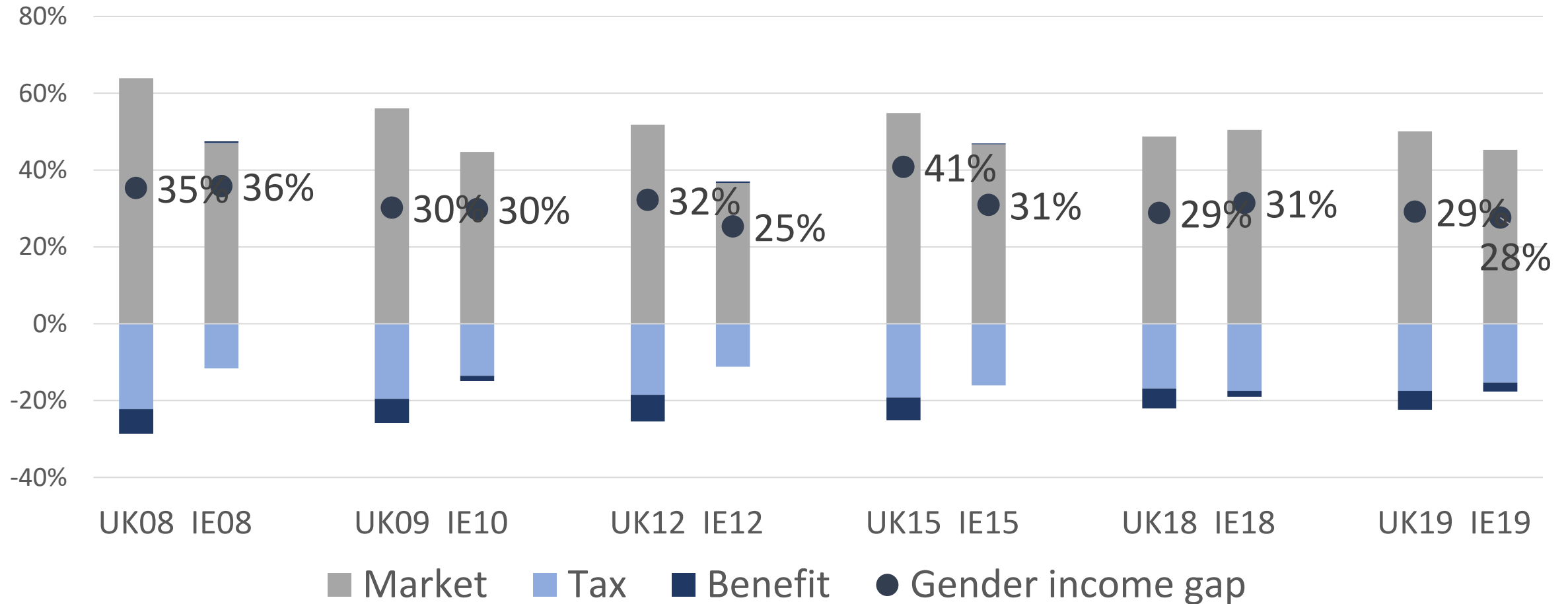
Results (2/5): Distribution of gender market income gap over time



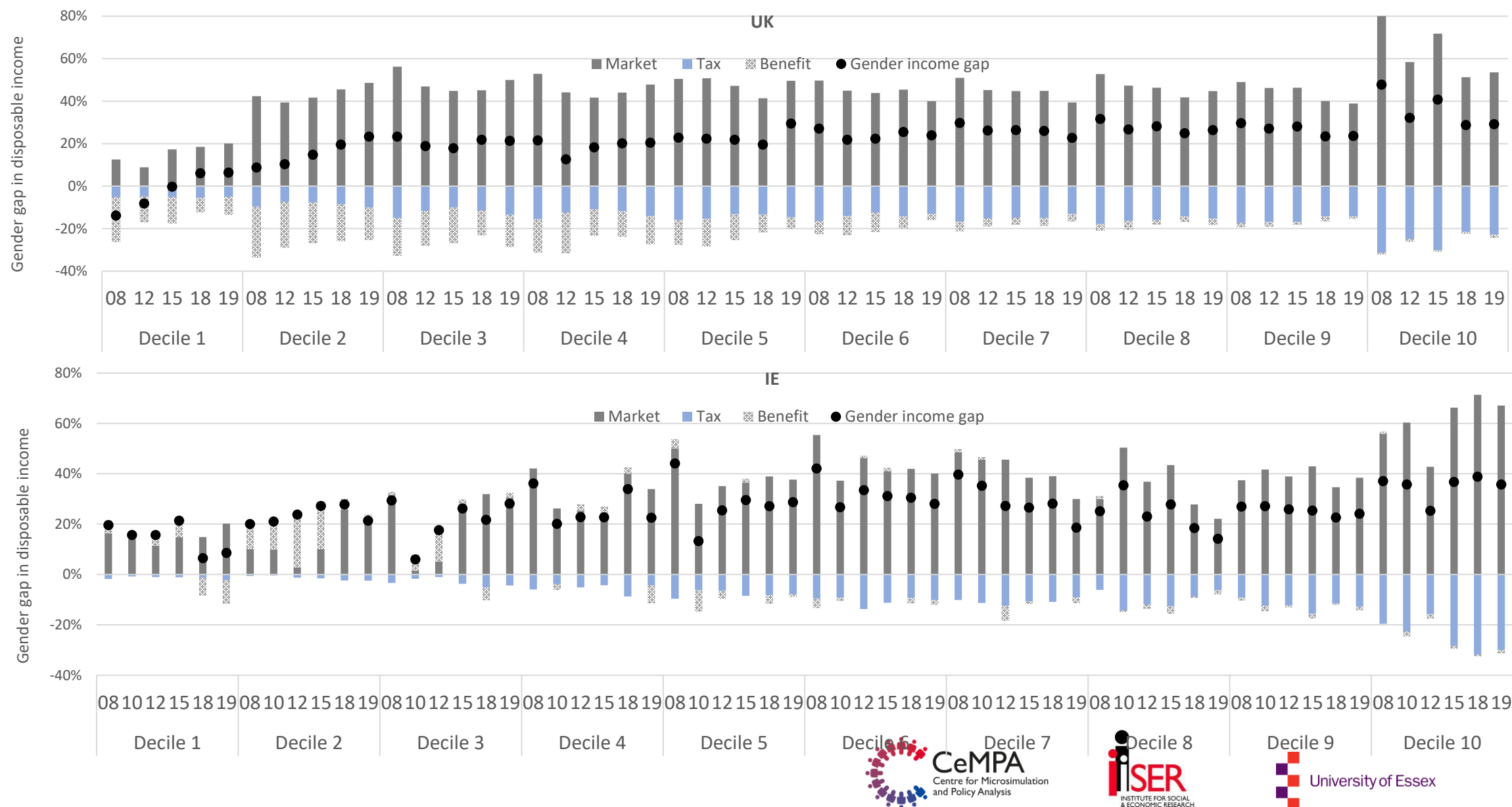
Results (3/5): Distribution of the gender gap in market income by decile



Results (4/5): Gender gap in individual disposable Income



Results (5/5): Gender gap in individual disposable income by decile



Discussion (1/2)

Cross-country similarities

- Gender income gaps increase with income
 - Employment/self-employment gaps drive the gender income gap at the bottom of the income distribution.
 - Unobserved/other factors push it up at the top of the income distribution e.g. investment income
- The tax-benefit system reduces the gender income gap by 1/3. Tax does most of the work.
- Gradual reduction in the gender gap in employment/self-employment and working hours led to a reduction of the income gap in both countries.

Discussion (2/2)

Cross-country differences

- The gender gap in employment/self-employment is higher in IE than the UK
- The gender gap in pay is a larger component of the gender income gap in the UK than IE
- The redistributive effect of the tax-benefit system has fallen in the UK but slightly increased in IE, primarily as a result of increased taxation.
- Benefits cushion the gender income gap more in the UK than IE

Thank you!

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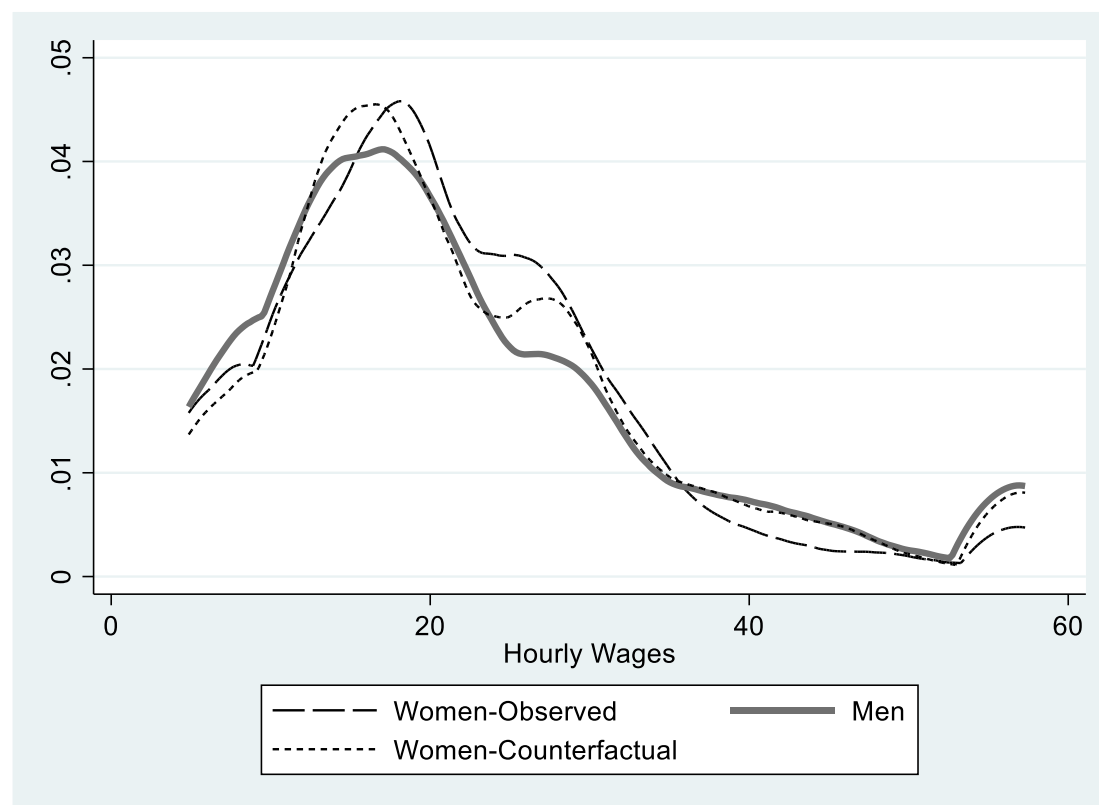


Additional slides

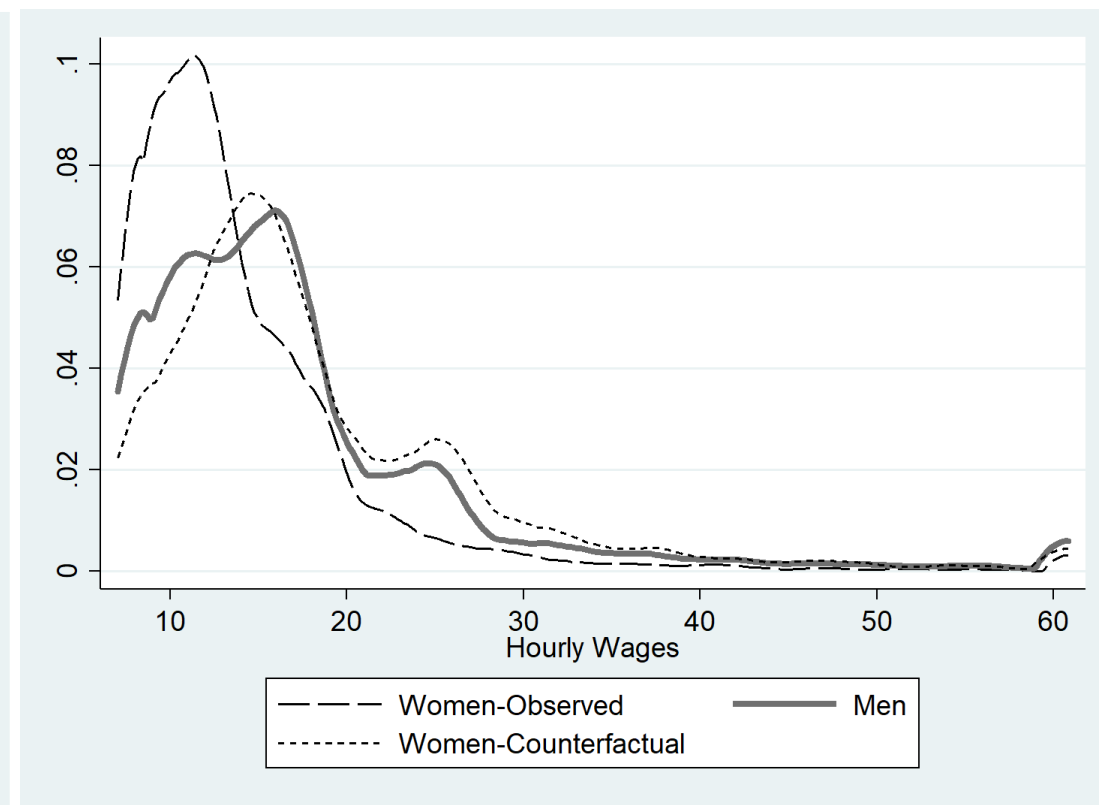


Density of observed and counterfactual hourly wages, 2019

IE



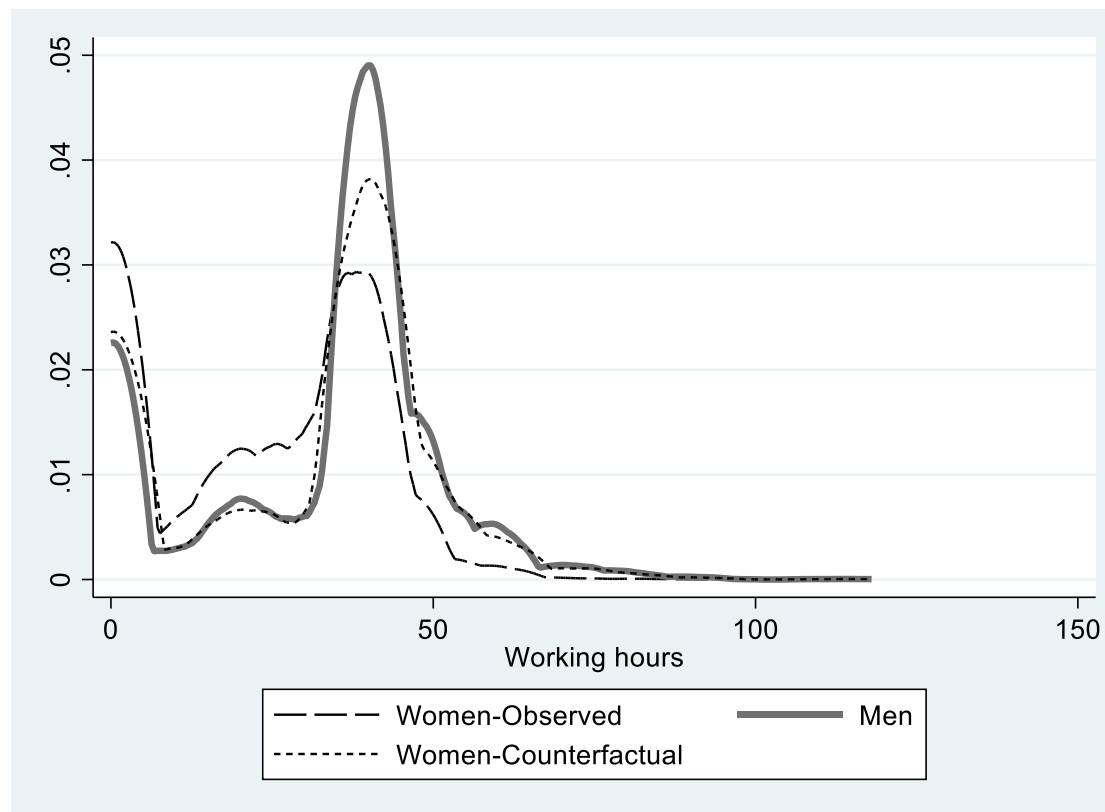
UK



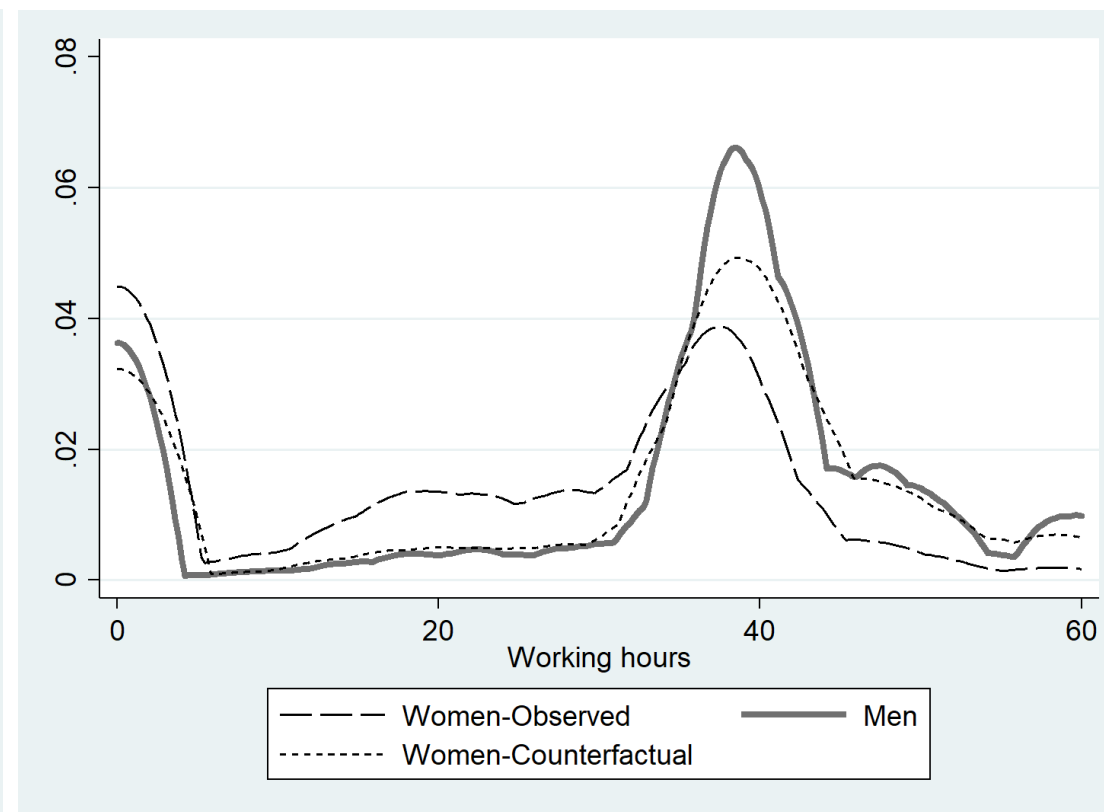


Density of observed and counterfactual work hours, 2019

IE



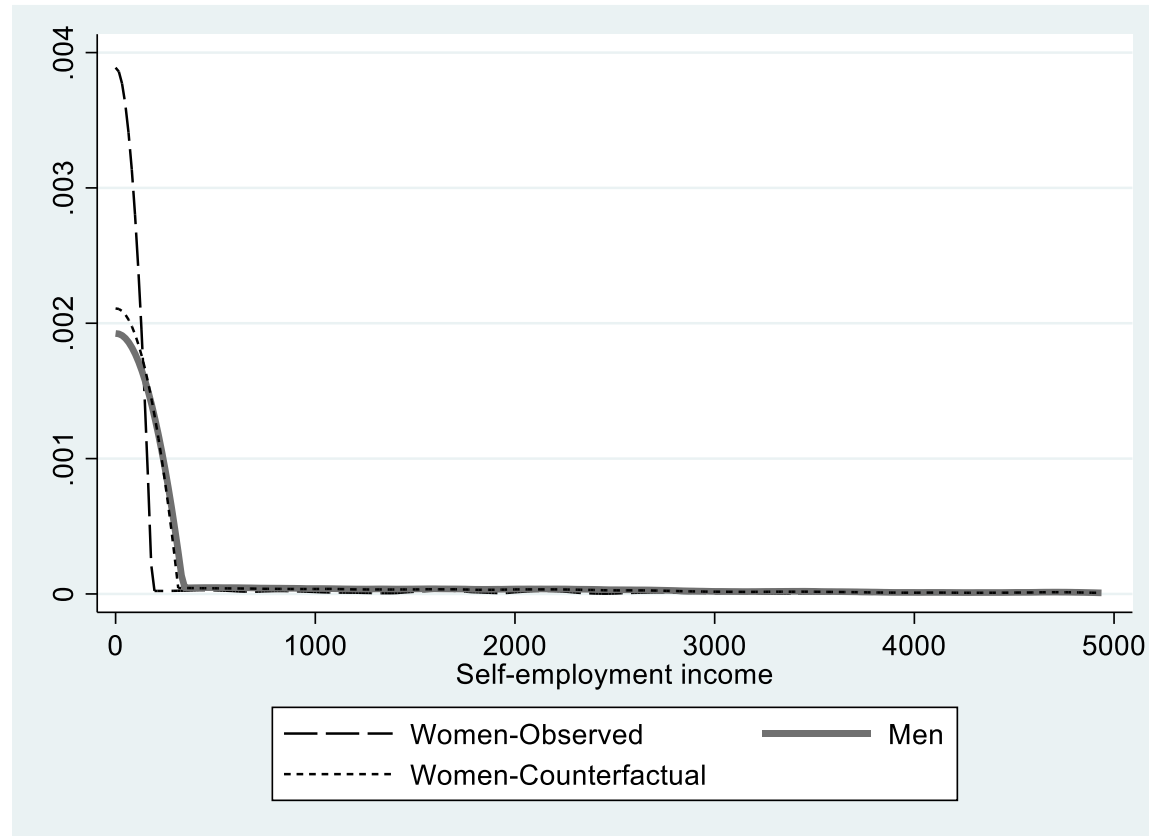
UK





Density of observed and counterfactual self-employment income, 2019

IE



UK

