Wage gender disparity by activity and skills: empirical evidence in Italy

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Economic inequality by gender covers a broad spectrum of interpretative and quantitative dimensions. Gender gaps affect the labour market, participation in decision-making processes, and women's educational levels (Bettio and Verashchagina, 2008). Hence, the transition towards gender equality and women empowerment represents one of the main policy objectives pursued and encouraged by international institutions all over the world. Among the priority areas identified by the EU Gender Equality Strategy, the reduction of the gender pay gap and the increase in female labour participation play a key role, especially in terms of their potential contribution to a country's economic growth. Usually, the analysis of the gender pay gap refers to an aggregate indicator reflecting the average gap between men and women in terms of remuneration at work (Bishu & Alkadry, 2017). But, since the factors affecting the gender wage gap are linked to different levels of education, skills and type of employment, as well as the characteristics of the production sector to which it refers (Gannon et al. 2007), the existing literature does not express a unanimous position on the technique for estimating the wage gap (Kunze, 2008) but at the same time, it confirms that policymakers need to intervene in a differentiated and precise manner, with selected policy tools able to deal effectively with the peculiarities found (Severini et al. 2019).
Although in European economies the gender gap has narrowed in recent decades, payment inequalities and labour segmentation are still high in most countries (Addabbo et al, 2011) and this condition aggravated after the pandemic crisis especially for high and low-educated workers. Indeed, only when the educational attainment is high for both males and females, the gender wage gap tends to decrease, and men and women end up doing more similar jobs and occupations. On the contrary, low-educated and less experienced workers show a larger gender wage gap (Addabbo et al. 2020).
This demonstrates the wide-ranging complexity of economic gender disparities which necessarily involves numerous economic policy instruments. From our point of view, the most critical aspect is the aggregate approach to the issue of the gender gap, as it is directly related to the diversity of production processes, the different types of labour markets and the skills possessed by workers. In this perspective, the article aims at contributing to the current debate in the literature by emphasizing the crucial role that a disaggregated and general equilibrium approach can play to support the policy maker, especially in the formulation of policies for female employment integration and gender pay gap reduction in specific sectors or for occupational profiles. The focus is on the Italian economy since the dimension of the gender gap is the one in which Italy lags furthest behind the other dimensions such as social, education, health and politics (Profeta, 2020). In a dynamic perspective, it is important to ascertain in advance, what are the potential consequences of policies aimed at expanding the female labour participation, that is considered one of the most relevant issues, in a system characterised by a pre-determined structure of production and labour market. Indeed, the effectiveness of policies could be threatened by an economic/productive structure that is unable to overcome inequalities (in employability or wages) despite the change in labour supply. Here, we decided to deeply analyse what type of effect a change in the male and female workforce can have on the reduction of the gender pay gap, across different activities. In other words, the research aims to investigate the connection and the response of female and male wages for different levels of skills when the labour supply changes as a consequence of an exogenous change of conditions. The purpose is evaluating whether a policy or a supply side shock aimed at stimulating the supply of labour (especially female labour supply) is enough or necessitate a further intervention by the policy maker to reduce the gender inequalities.
To do this, we construct a Dynamic Computable General Equilibrium (DyCGE) model based on the

Social Accounting Matrix (SAM) integrated with gender specifications for the Italian economy. In particular, the compensation of employees by activity is further disaggregated by skills (in terms of digital competencies) and gender. This provides all the data necessary to calibrate the DyCGE model where the wage setting for the labour market takes into consideration wages for men and women also in terms of skills. Then, a set of scenarios assuming the change in the male and female labour supply offer the potential outcomes in terms of gender wage gap of policy measures aimed at stimulating the back-to-work of discouraged man and women with a significant contribution to policy planning.