

# Opponent's Report on Dissertation Thesis

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Author:	<b>Martina Mysíková</b>
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Title of the Thesis:	Three Comparative Essays on Gender Earnings Inequality in the Czech Republic
Type of Defense:	<b>DEFENSE</b>
Date of Pre-Defense	May 23, 2012
Opponent:	<b>Doc. Ing. Jiří Večerník, CSc.</b>

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) Were your comments raised at the pre-defense, addressed in the dissertation submitted to the regular defense? (The pre-defense report is enclosed below)
- g) What is your overall assessment of the thesis? (a) I recommend the thesis to be defended without major changes; (b) The thesis is not defensible.

*(Note: The report should be at least 2 pages long.)*

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First I should stress that already my opinion about the first version of the thesis was very high. The final version is substantially completed, going beyond suggestions of reviewers. Thus I can respond positively on questions a-d. Indeed, the original contribution of the author can be well recognized in both methodological and empirical aspects. It is based on large amount of economic literature, including application of last methodological achievements of inequality and gender-gap research. As I know, one article was already accepted for publication in an IF economic journal, another one is under review in an international journal. In any case, the topic and methodology applied in the dissertation has a great dissemination potential.

Second I should again emphasize that the author manifests not only large theoretical and methodological knowledge of the field, but also a unique (in the CR) knowledge of surveys among individuals and households, both national and comparative ones. The main source are EU-SILC datasets which is a rich source of information but also, according my own experience, source of problems needed to be solved when constructing comparative variables. The data are analysed with accuracy, advanced statistical procedures are applied accordingly. In result, important empirical evidence about the CR and its neighbouring countries is provided and the findings are relevant for both academic and applied research.

Regarding my comments raised in the pre-defense, they were all accepted after a thorough consideration.

In my comments to the first essay on “Personal Earnings Inequality”, I suggested to develop somewhat the section about inequality measurements which have a rich history of their own. This was done thoroughly by extending the methodological Chapter 1.3 and using all the recommended literature. In her Pre-defense report, the author presents additional computations showing general consistency of the results and stresses the value-added of the relative distribution method applied in the thesis. The solution to comment other methods in footnotes is fully acceptable for me.

In my comments to the second essay “Gender Wage Gap”, I suggested to the author to be a bit more critical towards the data used since it sometimes returns surprising results, mainly due to an uneven importance of formal and informal economies in individual countries. The problem of data quality was acknowledged in the final version and thoroughly discussed in the third essay. The same is true about my other concern regarding insufficiency of explanatory variables in EU/SILC datasets and their more detailed description. Also my suggestion to complete information about gender-wage-gap decomposition in Western European empirics was applied and several examples added.

In my comments to the third essay “Earnings Inequality within Couples” I suggested to pay attention to a probably frequent occurrence of non-reported women’s employment and their contribution to family budget in some CEE countries. I appreciate the additional discussion of the argument on pp. 88-89. Regarding the mismatch between women’s qualities for the labor and marital markets, apparently it should be left for another, separate study. This should involve also the choice of life-course strategies. While we can analyze income differences between single/cohabiting/married mothers, we know little about the reasons of this or that choice which are complex and reaching beyond income area.

Responding to the questions e-g, I thus state that I do not have any additional major comments on what should be improved and that my comments raised at the pre-defense were sufficiently addressed in the new version of the dissertation submitted to the regular defense. I can only repeat that my overall assessment of the thesis is very high considering it as an important contribution to the topic in methodological and empirical sense which is worth to be disseminated in scholarly journals. Therefore, I recommend the thesis to be defended without major changes.

Date:	17.10. 2012
Opponent’s Signature:	
Opponent’s Affiliation:	Doc. Ing. Jiří Večerník, CSc. SOÚ AV ČR

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- h) Can you recognize an original contribution of the author?
- i) Is the thesis based on relevant references?
- j) Is the thesis defendable at your home institution or another respected institution where you gave lectures?
- k) Do the results of the thesis allow their publication in a respected economic journal?
- l) Are there any additional major comments on what should be improved?
- m) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defendable in this form.

The thesis consists from three essays which all consistently focus on the area of disparities in personal earnings. In contrast with economic research in the world where distributional issues are virtually mushrooming, this area is still not sufficiently tackled in the Czech Republic. This concerns the development of inequality in both personal earnings and household income regarding their size and structure, factors and functioning in the real economy. Neither a general research on income distribution, nor any of its specific field is well developed in Czech economic research. Therefore, the choice of the research area treated in the thesis is to be appreciated.

Regarding the original contribution of the author, no of themes she develops is obviously a new one in economic research. However, her contribution is apparent. The author manifests a unique (in the CR) knowledge of surveys among households both national and comparative ones. The main source are EU-SILC datasets which is, according my own experience, full of problems needed to be solved in constructing comparative variables. The data are analysed with accuracy, advanced statistical procedures are applied. In result, important empirical evidence about the CR and its neighbouring countries is provided. The findings are relevant for both academic and applied research.

Individual chapters have scholarly structure, are well written and therefore suitable to be submitted to standard economic journals. Indeed, some of them were submitted or even accepted.

**The first essay “Personal Earnings Inequality” analyses the inequality of personal earnings in the Czech Republic since the early transition from communism and covers the entire period 1988–2008.**

*My suggestions:*

On p. 20 would be useful to develop somewhat (maybe in a separate paragraph) the statement about inequality measurements. Although Gini coefficient is indeed the most used, there are also other coefficients which solve its insufficiencies, be it partly. The transition to the preferred method applied by Alderson and Doran would be thus smoother. I mean such measures as kernel density estimation or Foster and Wolfson’s approach, also applied on the ‘hollowing of the middle’ hypothesis. For information I recommend Andrea Brandolini’s presentation on the same LIS conference on the middle class where Alderson and Doran’s paper was presented. He summarized a large set of approaches.

- *Foster, James E., and Michael C. Wolfson (1992). Polarization and the decline of the middle class: Canada and the U.S. Journal of Economic Inequality, vol. 8, no. 2.*
- *Brandolini, Andrea. On the identification of the middle class. Conference “Inequality and the Status of the Middle Class: Lessons from the Luxembourg Income Study”, University of Luxembourg Campus, 28-30 June 2010.*

**The second essay “Gender Wage Gap” deals with earnings disparity between men and women. The distinction of endowment and remuneration effects was already applied in the literature but never in such a telling comparison as the author does.**

*My suggestions:*

The differences between CEE countries are interesting, sometimes surprising. Here, I would recommend to the author to be a bit critical towards the data used (although there is no other reliable source for correction). The particularity of Hungary and Poland in comparison with the CR and Slovakia (C-S hereafter) might be also, if not mainly, due to larger amount of informal economy in those countries – not necessarily shadow but still not recorded by statistical surveys. More men in Hungary than elsewhere are employed in secondary jobs with earnings not declared in surveys - thus the “true” gender gap in earned income might be probably considerably higher. The same might be true for Poland where the size of informal economy is huge as well. C-S economies are apparently more formalized than the other two and, therefore, the real comparative situation might be much better.

Unfortunately, there is not much of literature about informal economy in CEE countries and no possibility of checking the reliability of answers regarding second jobs. The problem is worth to be mentioned nevertheless and a check of more recent literature could be done. Here I can recommend:

- *Rainer Neef, Manuela Stănculescu, The Social Impact of Informal Economies in Eastern Europe. Ashgate 2002 (chapter on Hungary).*
- *Claire Wallace, Christian Haerpfer and Rossalina Latcheva, The Informal Economy in East-Central Europe 1991-1998. <http://www.ihs.ac.at/publications/soc/rs64.pdf>*

The author applied a maximum of explanatory variables available in EU/SILC datasets. Also “supervisor” variable was applied to the benefit of the analysis. Unfortunately, a simple 0-1 variable (no categories) is far to be able to describe the position in the hierarchy of management where gender certainly matters much more than in any other fields of job structure. Also ISCO broad categories are very approximative. As there is no possibility to

complete the set of explanatory variables, I consider as useful just to mention the problem of limited information when Table 2.1. is introduced (p. 53).

In view of a surprising result concerning the differences in the composition of endowment effect – job characteristics in the CR and Slovakia, personal characteristics in HU and PL – the question appears whether C-S labour economies are indeed so much discriminatory against women. There are, otherwise, more results in the manuscript which evolve interesting questions, given a unique and meticulous elaboration of data. Such questions incite to raise doubts about the quality of statistical data, in this case of surveys among households.

In conclusion, the author states that “Although in the analysed countries the endowment effect seems to be comparably smaller than the one in Western Europe, the structure of gender wage gaps in these two regions have not revealed any substantial systematic differences” (p. 62). There are no references to W-E documentation in the previous text, however. Apparently, she means Beblo et al. paper, or maybe any other? The reference should be completed. Regarding gender wage gaps, differences are big and the figures might be suspected everywhere. E.g. while LM institutions work well in Germany or Austria, gender wage gap is larger than in other countries. This looks rather strange and refers to the same data problem as above.

**The third essay “Earnings Inequality within Couples” focuses further on gender earnings disparity from a different perspective than the previous essay.**

*My suggestions:*

Again, there is worth to mention that comparative data on women’s employment and their contribution to family budget are most probably biased by the fact that they often work as auxiliary workers in small family firms, without official salary. This concerns some CEE countries and Southern countries in particular, see Bonke’s figures referred on p. 70. For instance, figures of about 20% high contribution in Luxembourg and Italy do not necessarily report the same situation given dissimilarity of the two countries in LM functioning and living conditions (see Table 1 in Bonke).

I appreciate (among many other findings and sections of the manuscript) the explanation of the difference in wage gender gap among cohabiting and singles – the findings invite to comment on a certain mismatch between women’s qualities for the labour and marital markets. Probably more portion of this difference is due to the uneven performance capacities of married and single women in employment, all other characteristics being the same.

Yet one remark concerning the introduction. On p. 9, national and comparative data on gender wage gap in the CR are commented saying: “...as early as in the late 1990s, the figures in the Czech Republic started to grow again, and nowadays according to Eurostat the Czech Republic experiences one of the highest gender wage gap among the CEE countries”. This should be set more precisely. First, there was an improvement in the last decades (CSO computations on SES data in 1998-2009), and second, the primacy of the CR in comparison with EU countries (together with Estonia and Austria) can evolve doubts. If adjusted, figures change considerably, as the example of Austria suggests. Unfortunately, adjusted GWG is not available for the CR comparatively (by the way, the Eurofound study refers to M. Mysiková WP as the only source of adjustment for the Czech Republic). The parade of countries in GWG does not make much sense if taking into account the functioning of LM institutions and TU strength as mentioned above.

- *Addressing the gender pay gap: Government and social partner actions. European Foundation for the Improvement of Living and Working Conditions, 2010.*
- *Eurostat, Development of econometric methods to evaluate the gender pay gap using Structure of Earnings Survey data. Eurostat Methodologies and Working Papers, 2009.*

**In continuation to the first paragraph of my review, I can answer positively on all questions regarding the quality of the thesis. The thesis is based on relevant literature and the best available cross-national data sources which are well exploited and analysed. The original contribution of the author can be well recognized. After some minor additional improvements, the results are suitable to be submitted to respected economic journals. Therefore, I recommend the thesis for defence without substantial changes. I also recommend consider my suggestions, mostly directed to include, here and there, critical assessments on data sources which would enrich their accurate elaboration.**

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