

Asplund, Rita

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Keskusteluaiheita - Discussion papers

No. 607

Rita Asplund

PRIVATE VS. PUBLIC SECTOR RETURNS TO HUMAN CAPITAL IN FINLAND*

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ABSTRACT: A common assertion, strongly supported by country-specific empirical evidence, is that individual returns to investment in human capital in general and formal education in particular change fairly slowly over time. The research results reported in this paper indicate that this is not necessarily the outcome if the economy, like the Finnish one at the turn of the decade 1980/90, undergoes rapid shifts in the activity level coupled with increasing turbulence in the labour market. Not surprisingly the changes in wage conditions are stronger within the private sector. Less expected is perhaps the finding of highly differing effects also among men and women employed in the same sector.

KEY WORDS: economic crisis, human capital, gender, private sector, public sector, wage formation

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TIIVISTELMÄ: Yleinen, myös maakohtaisista empiirisistä tutkimuksista tukea saanut käsitys on, että yksilöiden taloudellinen hyöty henkiseen pääomaansa tehdyistä investoinneista ja erityisesti koulutusinvestoinneista muuttuu suhteellisen hitaasti yli vuosien. Tässä tutkimuksessa esitetyt tulokset kuitenkin osoittavat, että tämä ei välttämättä pidä paikkaansa, jos taloudessa ja työmarkkinoilla tapahtuu niin radikaaleja ja äkillisiä muutoksia kuin Suomessa viime vuosikymmenen vaihteessa. Kuten oletettavissa on, palkkojen määräytymisessä tapahtuneet muutokset näinä vuosina näyttävät olleen selvästi suurempia yksityisellä kuin julkisella sektorilla. Ehkä yllättävämpi tulos on se, että Suomen taloudellinen kriisi on ainakin palkkojen määräytymisen suhteen kohdellut myös saman sektorin nais- ja miestyöntekijöitä hyvinkin eri tavalla.

AVAINSANOJA: henkinen pääoma, julkinen sektori, lama, palkanmuodostus, sukupuoli, yksityinen sektori

Yhteenveto

Tässä tutkimuksessa esitetyt tulokset osoittavat, että Suomen taloudessa ja työmarkkinoilla tapahtuneet rajut muutokset ajanjaksolla 1987–93 vaikuttivat merkittävästi työllisyyteen ja palkanmuodostukseen sekä yksityisellä että julkisella sektorilla. Keskeisten yksilöön ja hänen työhönsä liittyvien taustatekijöiden vaikutus palkkojen määräytymiseen kahdella sektorilla osoittautuu olleen varsin erilainen talouden ylikuumenemisen vuosina 1980-luvun lopulla ja 1990-luvun alun lamavuosien aikana. Varteenotettavaa on, että tämä koskee myös yksilöiden saamaa taloudellista hyötyä henkiseen pääomaansa tehdyistä investoinneista.

Suomen taloudellisessa ympäristössä tapahtuneet rajut vaihtelut eivät ole kuitenkaan kohdelleet kahden sektorin työntekijöitä kuten myöskään nais- ja miestyöntekijöitä samalla tavalla. Tutkimustulokset paljastavat päinvastoin useita tärkeitä vaikutuseroja neljän tutkitun työntekijäryhmän välillä (jako sektorin ja sukupuolen mukaan).

Tutkimustulosten mukaan eripituisen koulutuksen hankkineiden naisten väliset palkkaerot kasvoivat merkittävästi yksityisellä sektorilla 1990-luvun alun syvän laman aikana. Erityisesti yliopistotutkinnon suorittaneiden naisten suhteellinen palkka-asema vahvistui selvästi näinä vuosina. Yksityisen sektorin miestyöntekijöiden palkkaetu koulutusinvestoinneistaan kehittyi täysin toisella tavalla: palkkaerot eripituisen koulutuksen suorittaneiden välillä kasvoivat nopeasti korkeasuhdanteen huipentuman vuosina ja kaventuivat rajusti 1990-luvun lamavuosina. Vuoteen 1993 mennessä yksityisen sektorin miestyöntekijöiden koulutuksestaan saama tuotto oli kaikilla koulutusasteilla tippunut alle vuoden 1987 tason. Koulutuksen yksilöille antama taloudellinen hyöty näyttää muuttuneen selvästi vähemmän julkisella sektorilla: koulutuksen tuottoasteelle saadaan hitaasti aleneva trendi. Ja vuotta 1993 koskevat tulokset viittaavat siihen, että lamavuodet ovat pitkälti syöneet sekä sektoreiden että sukupuolten välillä esiintyvät erot koulutuksen tuottoasteessa.

Tutkimustulokset viittaavat niinkään siihen, että pitkän työsuhteen erityisesti naistyöntekijöille antama palkkaetu on pienentynyt ratkaisevasti tutkitulla ajanjaksolla. Huomattavasti tärkeämmäksi naisten palkkojen määräytymistekijäksi on noussut yleinen työmarkkinoilla hankittu työkokemus, erityisesti yksityisen sektorin naistyöntekijöiden keskuudessa. Miesten osalta kehitys on ollut päinvastainen. Lamavuodet näyttävät vahvistaneen työsuhteen pituuden merkitystä yksityisen sektorin miestyöntekijöiden palkkojen määräytymisessä. Julkisen sektorin miestyöntekijöiden osalta työsuhteen keston

palkkavaikutus on säilynyt lähes ennallaan lukuunottamatta lamavuotta 1991, jolloin saatiin sekä työsuhteen kestolle että työnantajan rahoittamaan henkilöstökoulutukseen osallistumiselle häviävän pieniä palkkavaikutuksia.

Yksityisellä sektorilla työskentelevät miehet näyttävät sen sijaan hyötyn yhä enemmän ei pelkästään pitkästä työsuhteesta vaan myös osallistumisestaan työnantajan järjestämään henkilöstökoulutukseen. Yksityisen sektorin naistyöntekijöillä kehitys on ollut vastakkainen. Henkilöstökoulutuksesta vähiten hyötyn julkisen sektorin naistyöntekijät. Todennäköisesti tärkeä selitys näille eroille tutkittujen työntekijäryhmien välillä on henkilöstökoulutuksen pituus ja sisältö. Aineisto ei kuitenkaan salli näiden tekijöiden huomioimista.

Joskin tutkimuksen pääpaino on sen selvittämisessä, missä määrin lamavuodet ovat vaikuttaneet yksilöiden taloudelliseen hyötyyn henkiseen pääomaansa tehdyistä investoinneista, myös monen muun tarkastelussa huomioidun taustatekijän palkkavaikutus näyttää reagoivan taloudellisessa ympäristössä tapahtuviin muutoksiin, tai on kokonaan reagoimatta. Otetaan muutama esimerkki. Suomessa kuten muissa teollisuusmaissa yksityisen sektorin naimisissa olevat miestyöntekijät ansaitsevat selvästi paremmin kuin naimattomat kollegansa senkin jälkeen, kun on otettu muut ominaisuuserot huomioon. Mielenkiintoista on, että tämä palkkaetu on säilynyt suhdannemuutoksista riippumatta. Korkean järjestäytymisasteen takia Suomea koskevat tutkimustulokset yleensä viittaavat olemattomiin palkkaeroihin ammattiliittoon kuuluvien ja kuulumattomien välillä. Lamavuosi 1991 muodostaa merkittävän poikkeuksen; tuloksien mukaan järjestäytyneet miestyöntekijät nauttivat sinä vuonna huomattavasta palkkaedusta sekä yksityisellä että julkisella sektorilla. Edelleen, laman myötä tehostuneet ponnistelut lisätä Suomen työmarkkinoiden joustavuutta näyttävät syöneen suurimman osan epämurkavista työjärjestelyistä maksetuista palkkakorvauksista (esim. epäsäännöllisistä työajoista).

Tutkimustulosten tuottamisessa käytettyyn palkkamalliin ja ekonometriseen menetelmään liittyen voidaan lopuksi todeta, että voimakkaat muutokset taloudellisessa ympäristössä ja työmarkkinoilla näyttävät synnyttävän valikoitumisprosesseja, joita mallittamisessa on syytä ottaa huomioon luotettavampien tutkimustulosten saamiseksi. Tutkimustulosten mukaan yksilöt eivät valikoidu pelkästään yksityiselle tai julkiselle sektorille. Varsinkin naisten keskuudessa työelämään siirtyminen näyttää määräytyvän myös siitä, onko työpaikka avautunut yksityisellä vai julkisella sektorilla. Lisäksi näiden valikoitumisprosessien voimakkuus vaihtelee selvästi sekä sukupuolen että työmarkkinoiden kireyden mukaan.

1. Introduction

In the late 1980s, the Finnish economy experienced an economic boom with the average annual unemployment rate dropping to among the lowest in Europe: 3.5 per cent in 1989 and 3.4 per cent in 1990. Three years later, in 1993, the unemployment rate had climbed to close to 18 per cent consequent on the deepest recession since the crises period in the 1930s, that the economy suddenly dived into in 1991.

These sharp upturns and downturns have strongly affected the employment and unemployment of men and women in the private and public sectors in Finland. As can be seen from *Figure 1*, the unemployment rate rose most quickly among men in private-sector employment, especially in the export sectors. The rise in unemployment was slightly more moderate among private-sector women. In the public sector, unemployment rates rose initially more slowly, but accelerated towards the mid-1990s.

Between 1990 and 1993, the number of men employed in the private sector declined by no less than 226.000 (*Figure 2*). The loss of jobs among men in the public sector was restricted to 17.000, evenly spread over the state and local government sectors. Over the same three-year period, the number of jobs among private-sector women shrank with 144.000, while the corresponding decline amounted to 44.000 jobs in the public sector. In contrast to the situation faced by their male colleagues, however, a large majority of the job loss occurred in the local government sector, which over the past few decades has become a crucial employer of principally women.

One notable consequence of the dramatically worsened employment situation has been serious attempts to increase the flexibility in the Finnish labour market. This is reflected, inter alia, in a growing number of so-called atypical jobs, especially among women (e.g. Nätti 1997). A continuous increase is discernible in the relative share of part-time and temporary workers as well as of those having inconvenient working hours.

These dramatic changes in the Finnish economy over only a few years' period offer previously lacking possibilities to analyse the extent to which rapid shifts in the economic activity level are likely to affect individual wage determination and whether the influence differs markedly across sectors and genders. In the present paper, the main emphasis is on exploring whether the wage effects of investment in various types of

human capital tend to react already in the very short run on macroeconomic shocks resulting in dramatic turbulence in the labour market.

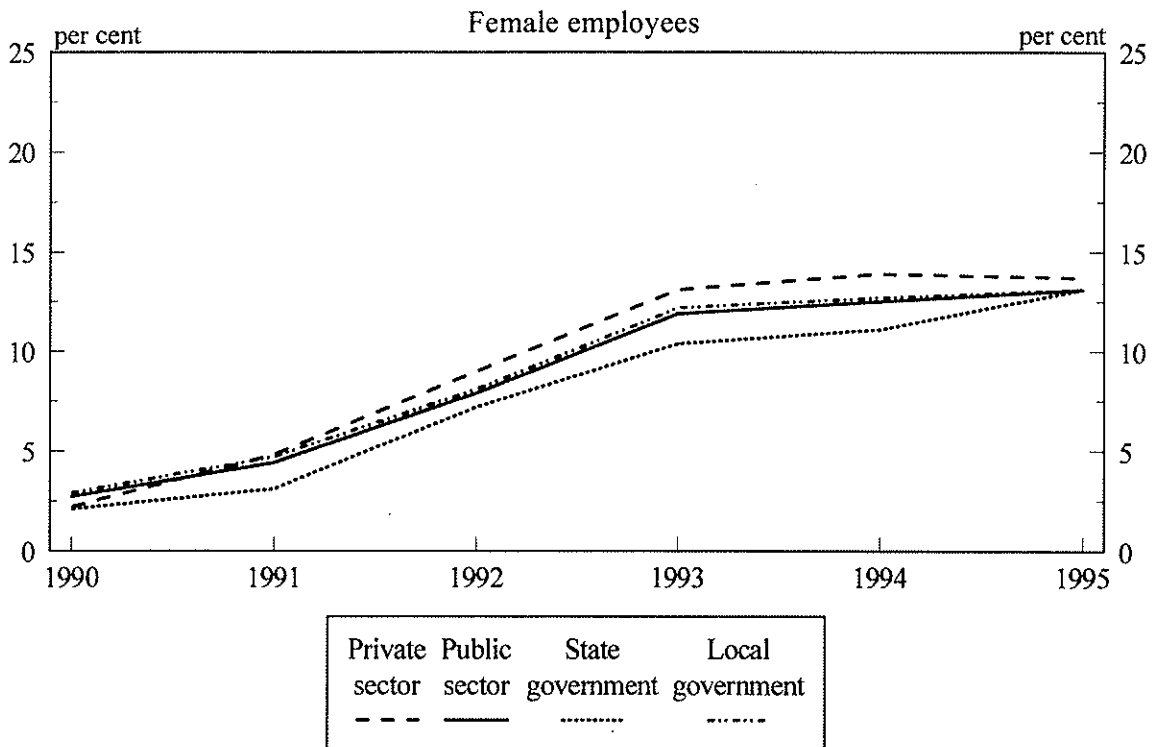
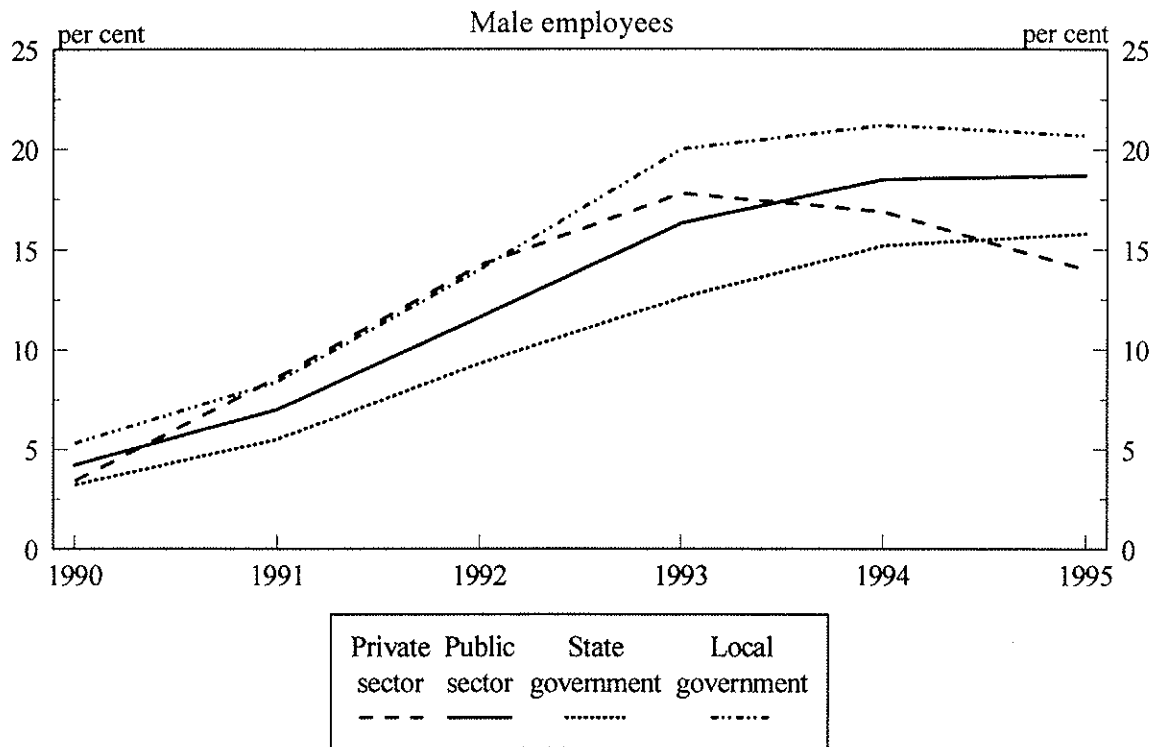
The paper departs from a previous study of wage determination in the private and public sectors in Finland focusing on the year 1987 (Asplund 1993). Two results obtained for 1987 are worth mentioning. First, the public sector was found to reward formal education at least as well as the private sector, a finding that contrasts sharply with most of the evidence reported for the other Nordic countries, pointing generally to a higher return on education in the private sector (Asplund 1993, Asplund et al. 1996).

Secondly, the research results suggested that employment in the two sectors is not necessarily the outcome of a random process but seems, instead, to be the result of two interrelated individual choices: the choice of entering the labour market conditional on that the job offer concerns the preferred sector. The strong support for the presence of non-negligible selection processes affecting sectoral employment and wage formation suggests, in turn, that individual choices are not dictated merely by possible pay differentials between the private and public sectors. In addition, non-pecuniary factors such as working conditions, working environment and family responsibilities tend to affect the job decisions of especially women.

These aspects are crucial for preferring a wage model corrected for two types of selectivity bias when, in the present paper, extending the analysis of gender-specific wage determination in the private and public sectors in Finland to the turbulent years of 1989, 1991 and 1993 using Labour Force Survey data gathered by Statistics Finland. Whether the obtained selection bias results are specific to Finland or whether they possibly have broader relevance is, however, impossible to indicate, since we know of no other study of sectoral employment having used the same estimation technique. Previous studies for other countries have, at most, accounted for sector endogeneity by estimating switching regression models: e.g. Dustmann & van Soest (1995) for Germany, Theeuwes et al. (1985), van Ophem (1993) and Hartog & Oosterbeek (1993) for the Netherlands, and Gyourko & Tracy (1988) and Belman & Heywood (1989) for the US.

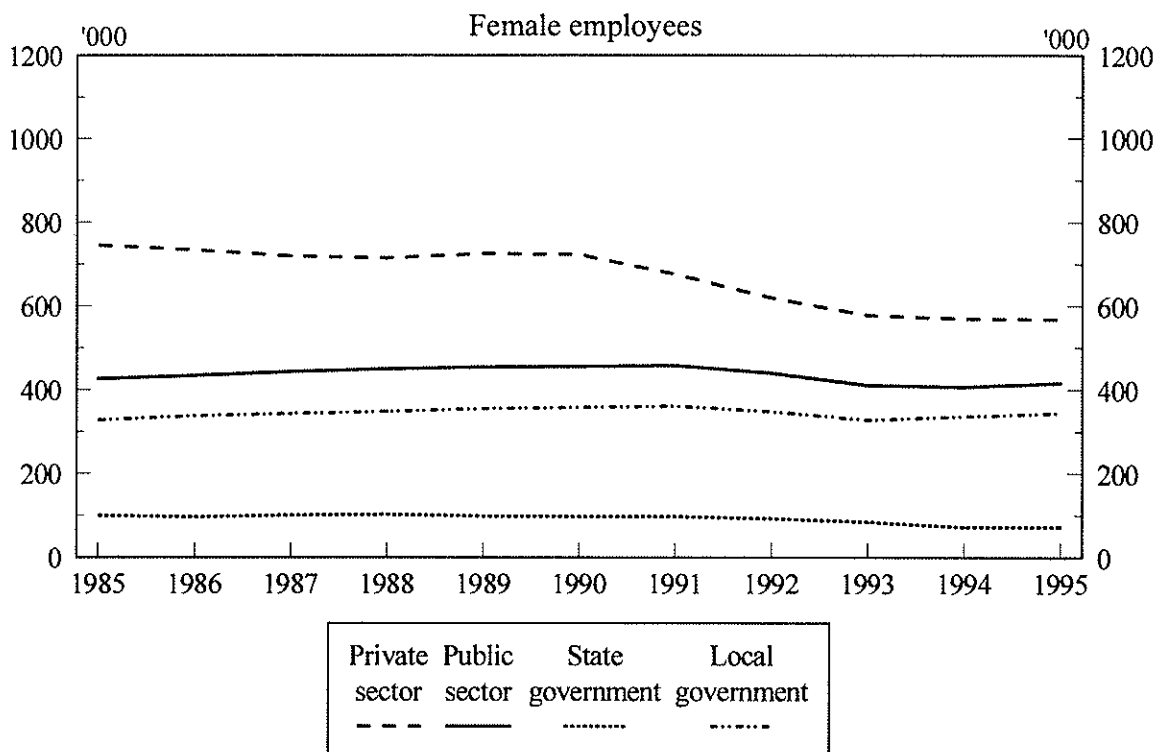
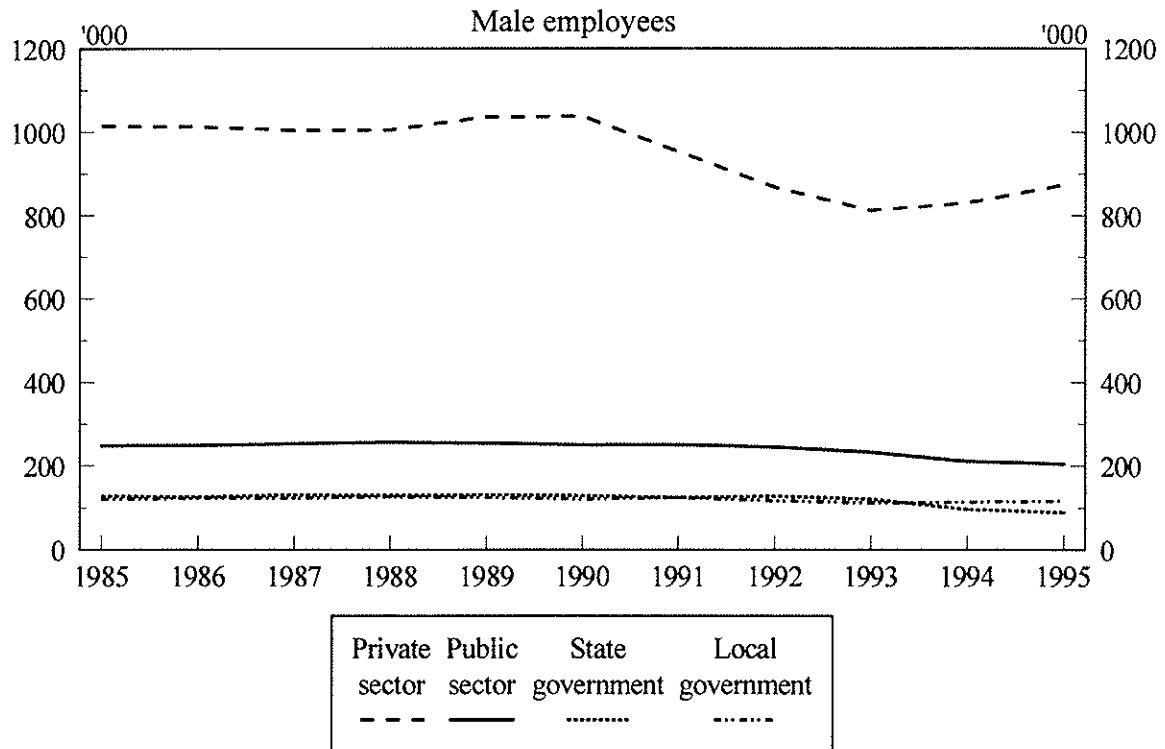
The rest of the paper is organised as follows. The next section outlines the empirical model to be estimated and discusses briefly the data used. Section 3 comments on the presence of selection bias in the estimations. Section 4 presents results from estimating gender-specific sectoral wage equations. Concluding remarks are given in Section 5.

Figure 1. Average unemployment rates in the private and public sectors in Finland in 1990–1995, by gender



Source: *Statistics Finland, Labour Force Survey.*

Figure 2. Number of employed persons in the private and public sectors in Finland in 1985–1995, by gender



Source: *Statistics Finland, Labour Force Survey.*

2. Model specification and data

Separate private-sector and public-sector wage equations departing from the traditional Mincerian human capital model are estimated for each gender. More precisely, the log hourly wage of the i^{th} male/female employed in the respective sector j ($j = 1, 2$) is explained in terms of a broad set of personal and job-related characteristics. The gender-specific wage equations for the private sector ($\ln W_{i1}^g$) and the public sector ($\ln W_{i2}^g$) may be written in the general form

$$(1) \quad \ln W_{i1}^g = X_{i1}^g \alpha_1^g + \varepsilon_{i1}^g, \quad \varepsilon_{ij}^g \sim N(0, \sigma_j^2)$$

$$(2) \quad \ln W_{i2}^g = X_{i2}^g \alpha_2^g + \varepsilon_{i2}^g, \quad i = 1, \dots, N$$

where X_{ij} denotes the vectors of explanatory variables, α_j is the vectors of the parameters to be estimated, and ε_{ij} denotes the disturbance terms. For convenience, the superscript g denoting gender is suppressed in the following.

Estimation of the sector-specific wage equations in (1) and (2) using ordinary least squares (OLS) techniques may involve problems of sample selectivity bias and endogeneity of explanatory variables. First, in the survey data used in the analysis, the sample individuals recorded as being employed represent persons who were employed during the week of the questionnaire, excluding all individuals who, for some reason, were not employed at that particular time. Second, the allocation of employees into the private and public sectors may not be the outcome of a random drawing, allowing sector employment to be treated as exogenously given. Instead it can be expected to be the outcome of individual choice over employment in the two sectors. Given that these potential sources of selection bias have a non-negligible influence on the estimation results, OLS estimation of the sectoral wage equations will result in inconsistent parameter estimates.

Adjustment for potential selection bias influencing the estimation results is done by estimating the wage equations in (1) and (2) in combination with a sequential selection model of the bivariate probit type explaining the probability of the i^{th} sample individual being employed and, moreover, in the given sector. In other words, there are two criterion functions: the selection of being employed (Z_{i1}^*), and the selection of private versus public status (Z_{i2}^*). These two criteria for selectivity may be written as

$$(3) \quad Z_{i1}^* = Y_{i1}\beta_1 - \mu_{i1}, \quad \mu_{i1}, \mu_{i2} \sim N(0, 1)$$

$$(4) \quad Z_{i2}^* = Y_{i2}\beta_2 - \mu_{i2}, \quad \text{Cov}(\mu_{i1}, \mu_{i2}) = \rho_{\mu_1\mu_2}$$

where Y_{ik} denotes the vectors of the explanatory variables, β_k is the vectors of the unknown parameters, and μ_{ik} denotes the disturbance terms with a bivariate standard normal distribution and correlation ρ . Hence, no restrictions are imposed *a priori* on the independence or dependence of the two decisions.

The dependent variables (Z_{ik}^*) in the bivariate probit model are unobservable, but both have a dichotomous observable realisation Z_{i1} (employed or not) and Z_{i2} (employment in the given sector) which is related to, respectively, Z_{i1}^* and Z_{i2}^* as follows:

$$Z_{i1} = 1 \quad \text{iff } Z_{i1}^* > 0, \quad Z_{i1} = 0 \quad \text{otherwise}$$

$$Z_{i2} = 1 \quad \text{iff } Z_{i2}^* > 0, \quad Z_{i2} = 0 \quad \text{otherwise.}$$

Data on Z_{i2} are, however, not observed unless $Z_{i1} = 1$; that is, employment in the private or the public sector is observed only for the subset of working individuals, implying that the data on Z_{i2} are nonrandomly selected from the entire sample population. Furthermore, the private-sector wage equation in (1) is observed only if $Z_{i1} = 1$ and $Z_{i2} = 1$, while the public-sector wage equation in (2) is observed only if $Z_{i1} = 1$ and $Z_{i2} = 0$. The two sets with $Z_{i1} = 0$ will logically be empty.

The information obtained from estimating the bivariate sequential-decision model in (3) and (4), i.e.

$$(5) \quad \text{Prob}(Z_{i1} = 1, Z_{i2} = 1) = \text{Prob}(\mu_{i1} < Y_{i1}\beta_1, \mu_{i2} < Y_{i2}\beta_2) = F(Y_{i1}\beta_1, Y_{i2}\beta_2, \rho_{\mu_1\mu_2})$$

applying bivariate probit analysis is then used to correct the sector-specific wage equations in (1) and (2) for the potential presence of selectivity bias arising from the decision of whether or not to enter the labour market and, if so, whether to prefer working in the private sector or the public sector. By allowing the two decisions to be correlated, i.e. $\text{Cov}(\mu_{i1}, \mu_{i2}) = \rho_{\mu_1\mu_2}$, the expressions for the selectivity bias correction become considerably more complicated compared to those of the standard Heckman (1979) two-stage estimation procedure, which would require the two decisions to be independent ($\text{Cov}(\mu_{i1}, \mu_{i2}) = 0$).

Following Fische et al. (1981) and Maddala (1983), the conditional expectation of, say, the private-sector wage equation in (1), when assuming dependence in the underlying decisions, may be written as

$$(6) \quad E(\ln W_{i1} | Z_{i1} = 1, Z_{i2} = 1) = X_{i1} \alpha_1 + E(\varepsilon_{i1} | \mu_{i1} < Y_{i1} \beta_1, \mu_{i2} < Y_{i2} \beta_2) \\ = X_{i1} \alpha_1 + \lambda_{11} M_{12} + \lambda_{12} M_{21},$$

where ε_{i1} , μ_{i1} and μ_{i2} are assumed to follow a trivariate normal distribution and where

$$(7) \quad \lambda_{jk} = Cov(\varepsilon_j, \mu_k) \quad j = 1, 2 \quad k = 1, 2$$

$$(8) \quad M_{jk} = (1 - \rho_{\mu_1 \mu_2}^2)^{-1} (P_j - \rho_{\mu_1 \mu_2} P_k)$$

$$(9) \quad P_k = \frac{\int_{-\infty}^{Y_{i1} \beta_1} \int_{-\infty}^{Y_{i2} \beta_2} \mu_{ik} f(\mu_{i1}, \mu_{i2}) d\mu_{i2} d\mu_{i1}}{F(Y_{i1} \beta_1, Y_{i2} \beta_2)}$$

After having used bivariate probit methods to estimate β_1 , β_2 , and $\rho_{\mu_1 \mu_2}$, the second stage of the estimation procedure thus involves regression of individual private-sector wages ($\ln W_{i1}$) on X_{i1} and the constructed variables M_{12} and M_{21} in order to obtain consistent estimates of α_1 , λ_{11} , and λ_{12} . The public-sector wage equation in (2) is corrected for potential selection bias in an analogous way.

Various empirical specifications of the sectoral wage equations in (1) and (2) are estimated with the LIMDEP 7.0 programme, whereby correction for the potential presence of the two sources of selectivity bias is made using the bivariate probit sample selection technique outlined above. More formally, the applied estimation method allows the two decisions underlying employment in a given sector to be correlated, and accounts for sample selection both in the bivariate probit model and in the wage model.

The two criterion functions appearing in the selection model are specified as follows. The selectivity criterion in (3) explaining the probability of the i^{th} sample individual being employed includes a set of personal characteristics containing age and indicators for educational level, marital status, family size, and location of residence.

The probability of private-sector resp. public-sector employment specified in (4), in turn, is taken to depend on the individual's accumulated human capital, marital status, preferences regarding job characteristics, and on variations across regional labour markets. The current age of the individual is not included as an explanatory variable in

the sectoral criterion function, the underlying assumption being that there is no systematic movement of employees between labour markets as they grow older (cf. Gyourko & Tracy 1988).

The observed variance in wages among male and female employees in the private and public sectors is assumed to depend on the employees' formal education, labour market experience and training, family responsibilities, location of residence, employment and working conditions, and union membership. Because of crucial differences in the industrial and occupational structures of the two sectors, no controls for the individual's industry affiliation or position in the occupational hierarchy are added to the wage equations (cf. e.g. Belman & Heywood 1989).

The sectoral wage model outlined above is estimated using cross-sectional micro-level data from the Labour Force Survey for the years 1987, 1989, 1991, and 1993.¹⁾ For each survey year a random sample of individuals is drawn, representing the entire population aged 15–64 years as stratified according to sex, age, and region. Hence, the survey lacks the panel property; the same individuals cannot be followed over the years. The number of sample individuals retained in the actual estimating data in the various phases of the estimation procedure is reported in Tables A2, A5 and A6 of the Appendix.

The dependent variable is chosen to be average (before-tax) hourly wages in order to account for interpersonal differences in months and weekly hours worked, and to make the earnings of full-time and part-time workers comparable. The earnings data come from the tax rolls and comprise most types of compensation, including overtime and vacation pay and fringe benefits. The register data on formal schooling show the single highest level of education completed by each sample individual, not their actual schooling years. A notable advantage of the data set used is that it provides (self-reported) information on each person's total years of labour market experience as well as on his or her years with the current employer. Hence, the estimation results reflect the wage effects of the individuals' "actual" and not of their potential work experience.

A summary of definitions of the variables employed in the subsequent empirical analysis is given in Table A1 of the Appendix, and sample statistics in Tables A2 and A5–A6 of the Appendix. More details on the underlying data can be found in Asplund (1993).

¹⁾ The Labour Force Survey has been conducted by Statistics Finland also for previous years, but these have not been supplemented with earnings data from the tax records. The Labour Force Survey for 1995, in turn, is not yet readily available.

3. Selection bias results

The results obtained from estimating the bivariate sequential-decision model outlined in the preceding section are reported in Tables A3 and A4 of the Appendix. Since the main focus is on exploring the need for corrections of potential selectivity bias and not on the relative importance of the explanatory variables included in the selection criterion functions, no effort has been made to transform the bivariate probit estimates into percentage probabilities. Nevertheless, a few comments on the behaviour of single variables may be of interest.

As is to be expected, the probability of being in employment is significantly lower among people with only a basic education, a tendency that seems to have strengthened during the recession years among men but weakened among women. Apart from a low education, also family responsibilities tend to lower the probability of taking a job, but among women only. This tendency has, moreover, strengthened markedly over the investigated time period. Among men the probability of being in employment is positively affected by age, marriage and residence in the south of Finland, albeit the impact of these characteristics has weakened substantially during the recession years in the early 1990s. Also married women, especially those with no or grown-up children, tend to have a higher probability of working. Age and location of residence have had a positive influence on taking a job only occasionally.

Also the results concerning private/public-sector selection display interesting patterns over time. Among women the probability of working in the public sector has generally increased with the amount of skills accumulated in school and working life. A clear trend break seems, however, to have occurred in this respect in 1993; skilled women turn out to have shifted their preferences towards private-sector employment. A similar tendency can be observed among male employees, but with respect to formal education only.

Living outside the most southern parts of Finland has persistently increased the probability of women of working in the public sector, primarily at the local government level. The deep recession years in the early 1990s seem to have spread this tendency southwards. A less clear-cut pattern emerges among male employees, possible because of a more even distribution of men across state and local government levels.

The estimation results also indicate that married men to an increasing extent prefer employment in the private sector. No such recession-induced effects are observed among women. It may also be noted that individuals preferring a regular day-work have a higher probability of being in public-sector jobs. This tendency has strengthened markedly among male employees during the deep recession years, while a weakening trend can be observed among female employees. The most conspicuous time trend regarding the broad occupational categories identified is the rapidly decreasing probability of women of being in public-sector employment if engaged in service work.

Finally a few words about the potential presence of a non-negligible correlation between the decision of taking a job and the choice of sector, and the importance of correcting the wage equations for the two types of selectivity bias that these individual decisions might induce. The estimation results reported in Tables A3 and A4 of the Appendix point to a non-negligible interdependence between the two decisions in 1993 among both men and women, as in 1987 albeit for women only. In these years, taking a job was clearly related to a higher probability of ending up in the private sector. The results for 1993 are well in line with the tightening economy of the public sector in the early 1990s and the consequent increase in the unemployment rate in the sector (cf. *Figure 1* above).

The correction terms included in the estimated wage equations are displayed in *Tables 1 to 4*, which are reported and discussed in more detail in the next section. As can be seen from the tables, there is some evidence of both working and sector selectivity bias present in the estimations for both genders. This definitely suggests that estimation of sector-specific wage equations using OLS techniques, thereby assuming a random distribution of individuals on both labour force status groups and sectors, is likely to result in inconsistent parameter estimates.

A more detailed analysis of the coefficients estimated for the two selection variables reveals the following. Significantly positive parameter estimates of the working selection variable are obtained for public-sector women in 1989, public-sector men in 1991, and private-sector women in 1993. In other words, the hourly wages observed for these employee categories in these particular years exceeded significantly the population mean that would have been observed should non-participant individuals had entered these particular sectoral labour markets, results which seem reasonable in view of the labour market conditions of those years.

Significantly negative parameter estimates of the sector selection variable are obtained for private-sector women in 1989, public-sector women in 1991 and private-sector men in all four years investigated. Thus the allocation of especially male employees across the private and public sectors turns out to be characterised by a fairly strong degree of nonrandomness. More precisely, the significant negative selection coefficients indicate that males entering the private sector earn on average less than men with identical observable characteristics drawn at random from the labour force would be expected to earn in that sector. It is noteworthy that this effect became stronger in the deep recession year of 1991 with rapidly rising unemployment among men in private-sector employment.

These highly differing results with respect to working and sector selection may, at least in part, be attributable to the different way in which the dramatic changes in the activity level of the Finnish economy seem to have affected the four employee categories under study. This will become more evident when, in the next section, turning to the results obtained from estimating separate wage equations for the four employee groups.

4. Empirical results of gender-specific sectoral wage equations

4.1 Basic results

The regression results obtained from estimating gender-specific sectoral wage equations corrected for two types of selectivity bias are reported in *Tables 1 to 4* for each of the four years studied. The tables display interesting patterns over time both within and across the four employee categories investigated. A brief comment not only on the human capital-related estimates but also on the coefficients of the other individual and job-related characteristics included in the equations might therefore be justified.

As is to be expected, the estimated average return to *formal education* increases with the completed level of education. Compared to their colleagues with only a basic education, women with a higher university degree (MA-level or more) working in the private sector earned about twice as much in 1993.²⁾ The wage premium of highly educated women in private-sector employment was significantly lower in previous years.³⁾ It is noticeable that no corresponding broadening of education-induced wage differentials can be observed at the lower end of the educational scale. Indeed, throughout the investigated time period women in private-sector jobs have received no economic benefit from having completed a few years' vocational training beyond compulsory education.

The estimation results further indicate that women tend to receive a higher return on their investment in formal education – irrespective of the educational level completed – if working in the public sector.⁴⁾ Moreover, a comparison of the education coefficients reported in *Tables 1 and 2* implies that this gap in private/public-sector educational returns among women widened substantially up to the deep recession year of 1991. By 1993 the situation had, however, changed radically; the cross-sectoral differences in the

²⁾ Following Halvorsen & Palmquist (1980), the actual earnings effects are throughout discussed using the antilog of the reported parameter estimate, in the present case $(e^{0.712} - 1) * 100 = 103.8$ per cent.

³⁾ A weak increase in the educational returns of women during the first half of the 1990s is also displayed in estimations from a broad data set covering merely non-manual workers in Finnish manufacturing (Asplund 1995). A potential explanation to this phenomenon might have been the increasing demand in these years for highly educated women in high-tech and other growth industries (see Asplund & Vuori 1996).

⁴⁾ Due to the correction for potential sector selection bias undertaken in the estimations, the sectoral parameter estimates obtained for each year are correlated. Consequently, and in contrast to the cross-year comparisons, a t-test for testing the statistical significance of the within-year difference between single coefficient estimates for men/women employed in the private and the public sector cannot be made.

Table 1. Sectoral estimates for women in private-sector employment obtained from eq. (6).¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.402** (0.068)	3.527** (0.066)	3.597** (0.075)	3.393** (0.111)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	-0.030 (0.025)	0.015 (0.024)	-0.004 (0.026)	0.057 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.161** (0.029)	0.181** (0.027)	0.171** (0.027)	0.185** (0.039)
SHORT NON-UNIV. (about 13–14 years)	0.325** (0.070)	0.329** (0.063)	0.332** (0.058)	0.432** (0.076)
BA-LEVEL (about 15 years)	0.449** (0.070)	0.401** (0.083)	0.375** (0.060)	0.482** (0.103)
MA-LEVEL (16 years or more)	0.584** (0.085)	0.535** (0.067)	0.457** (0.060)	0.712** (0.080)
EXP	0.014** (0.005)	0.012* (0.005)	0.012* (0.005)	0.029** (0.006)
EXPSQ/1000	-0.213 (0.117)	-0.157 (0.116)	-0.120 (0.114)	-0.534** (0.146)
MARRIED	-0.041 (0.030)	0.007 (0.022)	0.003 (0.023)	0.033 (0.032)
CHILDREN AGED 0–6	0.060* (0.028)	0.005 (0.025)	0.037 (0.028)	-0.037 (0.037)
CHILDREN AGED 7–17	0.001 (0.024)	0.016 (0.023)	0.060** (0.023)	0.013 (0.032)
LIVING IN CAPITAL AREA	0.142** (0.024)	0.123** (0.026)	0.155** (0.023)	0.132** (0.030)
PART-TIME WORK	0.240** (0.038)	0.200** (0.036)	0.199** (0.037)	0.207** (0.048)
TEMPORARY WORK	0.080* (0.039)	-0.034 (0.034)	0.034 (0.037)	-0.037 (0.050)
NOT REGULAR DAY-WORK	0.089** (0.023)	0.022 (0.020)	0.043 (0.023)	-0.002 (0.028)

Table 1. (cont.)

	1987	1989	1991	1993
PIECE-RATE WORK	0.017 (0.031)	-0.052 (0.031)	-0.007 (0.036)	0.048 (0.049)
UNEMPLOYMENT SPELLS (past 12 months)	-0.069* (0.032)	0.018 (0.041)	0.006 (0.029)	0.040 (0.038)
UNION MEMBER	-0.053* (0.024)	-0.006 (0.020)	0.030 (0.021)	-0.015 (0.032)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.073 (0.048)	0.038 (0.051)	-0.067 (0.049)	0.191* (0.077)
LAMBDA2 (ϵ, μ_2) (sector selection)	0.031 (0.026)	-0.055* (0.027)	0.036 (0.027)	0.011 (0.035)
Pseudo R ² adj.	0.230	0.149	0.230	0.213
SEE	0.305	0.295	0.299	0.303
F-value	18.05**	12.04**	18.79**	10.59**
Number of obs.	1083	1195	1131	675

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

average return to the various educational levels identified narrowed considerably, and women with a higher university degree were, in fact, better rewarded in the private sector. This outcome can be seen as the combined effect of a clear widening in education-induced wage differentials among private-sector women, and a significant narrowing in the wage gaps between differently educated women in public-sector jobs, with most of the changes being traced to the upper end of the educational scale.

Comparing the sectoral returns to various educational degrees estimated for men reveals a totally different pattern (*Tables 3 and 4*). From having been of approximately the same magnitude in 1987, the sectoral returns of male employees had by 1989 diverged substantially at all degree levels. The boom years in the late 1980s caused, at most, a slight weakening in male returns on investment in formal education if employed in the public sector, while their colleagues in private-sector employment experienced a

Table 2. Sectoral estimates for women in public-sector employment obtained from eq. (6).¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.285** (0.076)	3.403** (0.075)	3.590** (0.077)	3.667** (0.114)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.038 (0.029)	0.095** (0.028)	0.095** (0.025)	0.112** (0.035)
UPPER SEC. EDUC. (about 12 years)	0.203** (0.032)	0.255** (0.032)	0.247** (0.027)	0.171** (0.039)
SHORT NON-UNIV. (about 13–14 years)	0.370** (0.039)	0.422** (0.040)	0.472** (0.037)	0.415** (0.045)
BA-LEVEL (about 15 years)	0.525** (0.050)	0.645** (0.048)	0.596** (0.037)	0.528** (0.052)
MA-LEVEL (16 years or more)	0.652** (0.048)	0.751** (0.042)	0.788** (0.035)	0.650** (0.048)
EXP	0.011* (0.005)	0.016** (0.004)	0.010* (0.005)	0.017* (0.007)
EXPSQ/1000	-0.065 (0.117)	-0.210* (0.107)	-0.084 (0.114)	-0.203 (0.162)
MARRIED	-0.027 (0.030)	0.009 (0.023)	-0.043* (0.021)	-0.014 (0.030)
CHILDREN AGED 0–6	0.056* (0.028)	0.046 (0.028)	-0.041 (0.024)	0.067* (0.032)
CHILDREN AGED 7–17	-0.002 (0.026)	0.011 (0.024)	0.004 (0.020)	0.001 (0.029)
LIVING IN CAPITAL AREA	0.037 (0.027)	0.016 (0.030)	0.084** (0.023)	0.041 (0.031)
PART-TIME WORK	0.326** (0.045)	0.126** (0.042)	0.220** (0.039)	0.340** (0.045)
TEMPORARY WORK	0.085** (0.031)	-0.012 (0.028)	-0.046 (0.024)	0.048 (0.035)
NOT REGULAR DAY-WORK	0.158** (0.023)	0.128** (0.022)	0.155** (0.020)	0.072** (0.026)

Table 2. (cont.)

	1987	1989	1991	1993
PIECE-RATE WORK	-0.257* (0.105)	-0.067 (0.087)	0.206 (0.112)	0.032 (0.102)
UNEMPLOYMENT SPELLS (past 12 months)	-0.018 (0.037)	-0.105* (0.044)	0.005 (0.033)	-0.039 (0.031)
UNION MEMBER	0.042 (0.033)	-0.017 (0.031)	0.017 (0.026)	-0.104* (0.049)
WORKING IN LOCAL GOVERNMENT	-0.038 (0.024)	-0.079** (0.025)	-0.028 (0.022)	-0.055 (0.031)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.014 (0.044)	0.119* (0.051)	-0.031 (0.046)	0.059 (0.062)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.032 (0.028)	-0.019 (0.023)	-0.042 (0.022)	0.032 (0.033)
Pseudo R ² adj.	0.348	0.388	0.527	0.387
SEE	0.284	0.278	0.246	0.282
F-value	24.19**	30.03**	55.29**	21.70**
Number of obs.	871	918	976	657

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

substantial gain in educational wage premia for higher educations. Analogously the deep recession in the early 1990s affected private-sector men more strongly; their return to university degrees dropped significantly between 1989 and 1991, and by 1993 the downward trend had spread to all educational levels.⁵⁾ The dramatic fall in the activity level of the Finnish economy in these years was reflected to a much lesser extent in the rewarding of formal skills of men in public-sector jobs. Indeed, by 1993 these opposite-signed changes in the private and public sectors had re-established the situation from 1987 with almost negligible cross-sectoral differences in educational returns of

⁵⁾ A downward trend in educational returns in the early 1990s has also been obtained for men employed in Finnish manufacturing using another data set (Asplund 1995).

Table 3. Sectoral estimates for men in private-sector employment obtained from eq. (6).¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.350** (0.069)	3.521** (0.064)	3.641** (0.086)	3.600** (0.151)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.113** (0.023)	0.085** (0.021)	0.077** (0.023)	0.010 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.304** (0.028)	0.299** (0.028)	0.286** (0.028)	0.195** (0.041)
SHORT NON-UNIV. (about 13–14 years)	0.562** (0.052)	0.581** (0.046)	0.535** (0.043)	0.361** (0.059)
BA-LEVEL (about 15 years)	0.603** (0.112)	0.772** (0.088)	0.730** (0.075)	0.450** (0.088)
MA-LEVEL (16 years or more)	0.690** (0.052)	0.824** (0.050)	0.700** (0.043)	0.590** (0.057)
EXP	0.021** (0.005)	0.024** (0.004)	0.025** (0.005)	0.025** (0.008)
EXPSQ/1000	-0.335** (0.118)	-0.368** (0.111)	-0.377** (0.217)	-0.343 (0.180)
MARRIED	0.090** (0.031)	0.070* (0.029)	0.059* (0.029)	0.105* (0.042)
CHILDREN AGED 0–6	0.027 (0.025)	0.010 (0.024)	-0.005 (0.024)	0.038 (0.034)
CHILDREN AGED 7–17	0.076** (0.026)	0.079** (0.025)	0.031 (0.025)	0.064 (0.035)
LIVING IN CAPITAL AREA	0.169** (0.024)	0.105** (0.029)	0.149** (0.023)	0.162** (0.031)
PART-TIME WORK	0.088 (0.097)	0.271** (0.069)	0.104 (0.065)	0.139 (0.071)
TEMPORARY WORK	-0.042 (0.039)	-0.024 (0.035)	0.024 (0.036)	-0.079 (0.047)
NOT REGULAR DAY-WORK	0.054* (0.023)	0.077** (0.020)	0.059** (0.022)	0.050 (0.028)

Table 3. (cont.)

	1987	1989	1991	1993
PIECE-RATE WORK	0.053* (0.024)	0.070* (0.021)	-0.019 (0.024)	-0.023 (0.033)
UNEMPLOYMENT SPELLS (past 12 months)	-0.056* (0.028)	-0.044 (0.034)	-0.069** (0.023)	-0.035 (0.027)
UNION MEMBER	0.001 (0.020)	-0.019 (0.019)	0.085** (0.019)	0.067* (0.028)
LAMBDA1 (ϵ, μ_1) (working selection)	0.053 (0.060)	0.063 (0.059)	-0.043 (0.066)	0.020 (0.095)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.162** (0.042)	-0.108* (0.042)	-0.189** (0.042)	-0.143** (0.054)
Pseudo R ² adj.	0.315	0.313	0.377	0.347
SEE	0.310	0.323	0.309	0.328
F-value	34.61**	39.62**	46.73**	25.03**
Number of obs.	1390	1612	1439	859

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

male employees. Compared to 1987, however, the absolute size of the returns was significantly lower with a substantial weakening in incentives especially at the lowest end of the educational scale.

These highly different trends in cross-sectoral educational returns of men and women have resulted in notable changes also in the gap in educational returns between men and women working in the same sector. The most conspicuous tendency is without doubt a clear narrowing in gender-specific educational returns. In fact, the increase in educational returns of women in private-sector jobs in combination with the decline in returns of the other three employee categories investigated, had by 1993 resulted in a situation with surprisingly small differences in educational returns not only between sectors but also across genders.

Table 4. Sectoral estimates for men in public-sector employment obtained from eq. (6).¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.211** (0.095)	3.433** (0.119)	3.331** (0.110)	3.446** (0.168)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.120** (0.033)	0.037 (0.037)	0.064 (0.034)	0.047 (0.042)
UPPER SEC. EDUC. (about 12 years)	0.288** (0.037)	0.222** (0.041)	0.256** (0.037)	0.228** (0.045)
SHORT NON-UNIV. (about 13–14 years)	0.512** (0.048)	0.429** (0.061)	0.457** (0.052)	0.328** (0.076)
BA-LEVEL (about 15 years)	0.526** (0.061)	0.418** (0.067)	0.515** (0.059)	0.415** (0.073)
MA-LEVEL (16 years or more)	0.700** (0.044)	0.653** (0.052)	0.662** (0.044)	0.658** (0.050)
EXP	0.022** (0.006)	0.013* (0.006)	0.028** (0.006)	0.028** (0.008)
EXPSQ/1000	-0.329* (0.145)	-0.181 (0.156)	-0.475** (0.430)	-0.448* (0.191)
MARRIED	0.047 (0.041)	0.100* (0.043)	0.078* (0.038)	0.051 (0.048)
CHILDREN AGED 0–6	-0.013 (0.034)	-0.016 (0.039)	0.003 (0.034)	0.027 (0.046)
CHILDREN AGED 7–17	0.082* (0.033)	0.065 (0.035)	0.052 (0.033)	0.021 (0.042)
LIVING IN CAPITAL AREA	0.066* (0.030)	0.050 (0.039)	0.030 (0.031)	0.040 (0.038)
PART-TIME WORK	0.486** (0.082)	0.412** (0.083)	0.335** (0.062)	0.234** (0.072)
TEMPORARY WORK	-0.008 (0.044)	-0.089 (0.049)	-0.098* (0.039)	-0.109* (0.052)
NOT REGULAR DAY-WORK	0.081** (0.028)	0.119** (0.032)	0.079** (0.028)	0.080* (0.034)

Table 4. (cont.)

	1987	1989	1991	1993
PIECE-RATE WORK	0.066 (0.074)	0.157* (0.077)	0.078 (0.066)	0.067 (0.099)
UNEMPLOYMENT SPELLS (past 12 months)	-0.118* (0.052)	0.022 (0.064)	0.095* (0.046)	0.011 (0.039)
UNION MEMBER	0.025 (0.037)	0.090* (0.040)	0.150** (0.034)	0.069 (0.049)
WORKING IN LOCAL GOVERNMENT	0.002 (0.023)	-0.015 (0.025)	0.009 (0.022)	-0.009 (0.028)
LAMBDA1 (ϵ, μ_1) (working selection)	0.039 (0.062)	0.104 (0.076)	0.159* (0.072)	0.026 (0.097)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.014 (0.028)	-0.026 (0.036)	-0.023 (0.028)	-0.051 (0.039)
Pseudo R ² adj.	0.533	0.407	0.492	0.449
SEE	0.235	0.274	0.258	0.252
F-value	28.06**	18.27**	28.93**	15.59**
Number of obs.	476	505	578	359

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

These results definitely suggest that dramatic shifts in the activity level of the economy may have an unexpectedly instantaneous impact on the economic benefit of investments in formal education. Moreover, because of a stubborn segregation in the Finnish labour market according to industry, sector and occupation, the impact of macroeconomic shocks turns out to vary considerably across employee categories.

If next turning to the wage effects of *work experience*, the estimation results for women in private-sector employment point to a significant improvement by 1993 in the economic return not only on formal education but also on skills accumulated in working life. From having been almost flat in previous years, the experience-wage profile for

1993 is estimated to have had a relatively steep slope and curvature. Among women in public-sector jobs, on the other hand, the estimated experience-wage curve has remained approximately unchanged over the investigated time period, characterised by an equally flat curvature as that of private-sector women previous to 1993.

Female employees have, irrespective of sector, almost persistently gained less from their accumulated work experience than their male counterparts. A notable exception in this respect is the slightly higher return to work experience of women than of men in private-sector employment in 1993. Private-sector male employees have experienced a weak lag in the average return to work experience emerges also when compared with their counterparts in public-sector jobs.

Forcing the experience-wage profile to have the conventionally used concave shape may, however, conceal interesting differences both within and across the four employee categories when it comes to the distribution of experience-induced earnings effects over the individuals' working life.⁶⁾ The wage equations reported in *Tables 1 to 4* were therefore re-estimated with work experience given the form of a linear spline.⁷⁾ The full estimation results are reported in *Tables A7–A10* of the Appendix with the estimated coefficients of the linear spline re-produced in *Table 5* for women and *Table 6* for men.

The earnings effects of work experience when using a linear spline display quite an unexpected, but fairly similar overall pattern across sectors and genders. Instead of rising steeply, the experience profiles for all four employee categories tend to decline or remain approximately unchanged for the first five years. The declining trend has been more prevalent in the public sector, especially among women.⁸⁾

The rising trend starts only during the next five years (5 to 9 years of work experience). Indeed, these years seem to be the most important ones for women in private-sector

⁶⁾ Since the quadratic experience profile is constrained to be symmetric about its peak, it is frequently criticized for being too flat at the start and too steep in decline.

⁷⁾ Following Stewart (1983), the linear spline is split into six intervals, each represented by an experience variable, EXP1–EXP6. The first two intervals (EXP1, EXP2) are of the length 5 years of work experience and the rest, EXP3–EXP6, of length 10 years.

⁸⁾ This negative wage trend during the first years in the labour market is somewhat alleviated when also controlling for individual differences in the length of the current employment relationship (cf. *Tables A15–A18* of the Appendix). It is noticeable, however, that an initially negative slope has been obtained (but not reported) also when using a data set covering Finnish manufacturing workers in 1985, indicating that the main explanation cannot be business cycle effects.

Table 5. Sectoral experience-induced earnings effects estimated for women when the experience variable is given the form of a linear spline.¹ The full estimation results are reported in Tables A7–A8 of the Appendix.

	1987	1989	1991	1993
<i>Women in private-sector employment:</i>				
EXP1 (0–4 years)	-0.015 (0.014)	-0.043** (0.012)	-0.017 (0.015)	0.016 (0.026)
EXP2 (5–9 years)	0.019* (0.009)	0.025** (0.008)	0.016 (0.009)	0.045** (0.012)
EXP3 (10–19 years)	0.009* (0.004)	0.009* (0.004)	0.009* (0.004)	0.004 (0.005)
EXP4 (20–29 years)	0.001 (0.004)	0.004 (0.004)	0.007* (0.004)	0.007 (0.005)
EXP5 (30–39 years)	0.003 (0.009)	-0.002 (0.007)	0.001 (0.006)	-0.014 (0.008)
EXP6 (40+ years)	-0.007 (0.026)	-0.005 (0.031)	-0.010 (0.025)	-0.003 (0.024)
<i>Women in public-sector employment:</i>				
EXP1 (0–4 years)	-0.049** (0.014)	-0.030* (0.015)	-0.025 (0.014)	-0.049 (0.026)
EXP2 (5–9 years)	0.028** (0.009)	0.015 (0.009)	0.012 (0.008)	0.013 (0.012)
EXP3 (10–19 years)	0.010** (0.004)	0.011** (0.004)	0.011** (0.003)	0.017** (0.005)
EXP4 (20–29 years)	0.010* (0.005)	0.009* (0.004)	0.005 (0.003)	0.004 (0.005)
EXP5 (30–39 years)	0.004 (0.008)	-0.005 (0.006)	0.004 (0.007)	0.001 (0.009)
EXP6 (40+ years)	-0.019 (0.031)	-0.016 (0.026)	0.019 (0.044)	-0.002 (0.044)

¹ Standard errors are given in parentheses below the estimates.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table 6. Sectoral experience-induced earnings effects estimated for men when the experience variable is given the form of a linear spline.¹ The full estimation results are reported in Tables A9–A10 of the Appendix.

	1987	1989	1991	1993
<i>Men in private-sector employment:</i>				
EXP1 (0–4 years)	-0.031* (0.013)	-0.006 (0.013)	-0.007 (0.017)	-0.036 (0.020)
EXP2 (5–9 years)	0.030** (0.008)	0.023** (0.008)	0.018* (0.008)	0.023 (0.012)
EXP3 (10–19 years)	0.011** (0.004)	0.016** (0.004)	0.020** (0.004)	0.019** (0.005)
EXP4 (20–29 years)	0.005 (0.004)	0.004 (0.004)	-0.002 (0.004)	0.009 (0.005)
EXP5 (30–39 years)	0.001 (0.006)	0.000 (0.006)	0.007 (0.006)	-0.003 (0.008)
EXP6 (40+ years)	-0.004 (0.018)	-0.010 (0.018)	0.001 (0.017)	0.008 (0.027)
<i>Men in public-sector employment:</i>				
EXP1 (0–4 years)	-0.043* (0.021)	-0.095** (0.022)	-0.012 (0.019)	-0.009 (0.026)
EXP2 (5–9 years)	0.025* (0.011)	0.043** (0.014)	0.038** (0.012)	0.038* (0.016)
EXP3 (10–19 years)	0.021** (0.005)	0.007 (0.006)	0.013* (0.005)	0.011 (0.006)
EXP4 (20–29 years)	-0.001 (0.005)	0.008 (0.005)	0.003 (0.005)	0.009 (0.005)
EXP5 (30–39 years)	0.000 (0.008)	0.002 (0.007)	-0.003 (0.007)	-0.003 (0.008)
EXP6 (40+ years)	0.012 (0.024)	0.005 (0.022)	-0.004 (0.018)	-0.045 (0.031)

¹ Standard errors are given in parentheses below the estimates.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

employment, a tendency that strengthened further in 1993. After nine years of labour market experience, their experience-wage profiles rise very moderately or stay flat towards the end of their working life. This lack of a declining trend with increasing labour market experience is, in effect, repeated in all four employee categories and, moreover, emerges irrespective of the activity level of the economy.

The experience profiles of women in public-sector jobs display a clearly different time trend. More precisely, from having been strongest in the second interval, as for private-sector female employees, the main experience-induced wage effects had, by the turn of the decade, not only declined but also shifted to the third interval (10 to 19 years of work experience). And in contrast to the boom years in the late 1980s, a work experience of the length of 20 to 29 years gave no longer rise to a wage premium.

As for their female colleagues, the experience profiles of men in private-sector employment rose most steeply in the second interval in the late 1980s, after having been negatively sloped or flat during the entrants' first five years in the labour market. For private-sector female employees, this overall tendency strengthened during the deep recession in the early 1990s. For their male colleagues, in contrast, the recession years caused a clear shift of the rise in the experience profile to later intervals. Thus the results for 1993 point to a negatively sloped experience profile in the first five years, a rise over the next 15 years, a less steep rise up to 30 years of accumulated work experience, and no change over the remaining years in working life.

For men in public-sector jobs the work experience accumulated during the second interval has, irrespective of boom or deep recession, remained most crucial for wage growth over the career. By 1993, these differing trends in experience-wage profiles had placed men employed in the public sector in a fairly favourable situation compared to the other three categories identified and especially relative to their female colleagues.

These differences across sectors and genders in experience-induced wage effects may no doubt originate partly or fully in changes in the wage effects of tenure, i.e. the length of the current employment relationship. But before turning to this aspect, a few comments should be made on the other background characteristics accounted for in the estimated wage equations.

In accordance with previous both international and national studies, *marriage* is found to have had a minor, if any, impact on the development of female wages. Indeed, in the deep recession year of 1991, being married seems even to have resulted in a pay penalty for women in public-sector jobs. In contrast, married men in private-sector jobs have persistently earned more than their single colleagues. Moreover, this wage advantage has remained fairly stable the investigated time period. For men employed in the public sector, a significant positive wage effect from being married is observed only at the turn of the decade. Being married thus stands out as a much more important individual characteristic for men trying to make a career in the private sector.

Having *children* has only occasionally contributed to explaining the wage differentials observed among female employees. This holds for both sectors. Again in accordance with empirical evidence obtained for other industrialised countries, men with school-aged children are found to receive a wage premium over their counterparts with small or no children. Moreover, this family-induced wage effect turns out to have been very similar in magnitude irrespective of working in the private or the public sector. It disappeared, however, in both sectors in the deep recession year of 1991 and had, by 1993, returned for men in private-sector employment only.

The wage effects of *the location of residence* have remained almost unchanged over the investigated time period. Living within the capital area, i.e. the area of Helsinki and its close surroundings, has persistently been associated with a wage premium, but only if working in the private sector. Also the size of this wage advantage compared to private-sector employment in the rest of Finland is very similar for men and women. For men in public-sector jobs, no such wage premium is obtained, except for 1987. In contrast, women living within the capital area and working in the public sector turn out to have received a wage premium in the deep recession year of 1991. Albeit being much smaller than in the private sector, this wage premium is of interest since it most likely, at least in part, reflects the highly differing impact of the deep recession years on the economic situation of municipalities in general and those in Great Helsinki in particular.

The strongly positive wage premium of individuals in *part-time employment* is a big question mark. Because of the very small share of part-time jobs in Finland, and thus in the data set used, among both men and women, these results should be interpreted with caution.⁹⁾

⁹⁾ According to the sample means reported in Tables A5 and A6 of the Appendix, 8 per cent of

The relative wage of female employees with a *temporary job* has changed substantially over the investigated time period. In 1987, temporarily employed females received a wage premium over their colleagues in permanent jobs. Moreover, this wage gain was of approximately the same magnitude (close to 9 per cent) in the private and the public sector. In both sectors, however, this positive wage effect had disappeared by 1989. Among men employed in the private sector, being in temporary employment had by 1993 turned into a significant pay penalty, while the estimation results for previous years pointed to no significant wage differentials between private-sector men in temporary and permanent employment. Among men in public-sector employment, in contrast, a temporary job has almost persistently given rise to a wage dispremium of around 10 per cent. The features of a temporary job thus seem to vary considerably between the two sectors.

Employees not having a regular *day-work* have generally been compensated for their inconvenient working hours. This pay compensation has been larger in the public sector and, not surprisingly, especially among women, a majority of whom work in local government health care and social services. Among women in private-sector employment, in contrast, these wage gaps originating in different working time schemes have mostly been small or non-existent.

The estimation results further indicate that male employees in private-sector jobs covered by some other compensation system than wages or salaries paid on a monthly, weekly or hourly basis, i.e. by some type of *piece-rate* system, earned clearly more, but only in the boom years in the late 1980s. Among women in private-sector employment the corresponding wage effect has been weakly negative or negligible. The wage effects estimated for public-sector employees should be interpreted with caution because of the minor role of such extraordinary compensation systems in that sector.¹⁰⁾

In 1987, shorter or longer *unemployment spells* during the 12 months preceding the time of the inquiry induced a pay penalty in all employee categories, except for women in public-sector employment. In 1989, a year characterised by exceptionally low

private-sector and 7 per cent of public-sector female employees were in part-time jobs in 1993. The corresponding shares for men were some 3 per cent in the private sector and around 4 per cent in the public sector.

¹⁰⁾ The sample share of public-sector women not being paid on a monthly, weekly or hourly basis has, at most, amounted to 1.2 per cent (in 1993) and among public-sector men to 2.9 per cent (in 1991). See Tables A5 and A6 of the Appendix.

unemployment rates, the situation was reversed with a wage disadvantage originating in previous unemployment spells appearing only among women in public-sector employment. The negative wage impact of having been unemployed reappeared in the deep recession year of 1991, but for men in private-sector jobs only. Simultaneously previously experienced unemployment showed up with a weakly positive sign among their colleagues in public-sector jobs.¹¹⁾ The results for 1993, finally, indicate that shorter or longer unemployment spells during the past 12 months had no significant effect on relative wages in any of the four employee categories investigated. Possibly this reflects a changing attitude towards individuals' having experienced unemployment in a labour market where the unemployment rate had remained at an exceptionally high level for several years and unemployment had hit practically all educational and socio-economic groups.

Being member of a trade *union* is found to have exerted no significant influence on female wages, except for a negative effect in the private sector in 1987 and in the public sector in 1993. Among their male colleagues, the estimation results point to insignificant or positive wage effects of union membership. Of special interest is the strong wage advantage of unionised male employees both in the private and the public sector in the deep recession year of 1991, an effect that reappeared in 1993 but in the private sector only.

Finally, women employed in *local government* have occasionally been in a less advantageous wage position compared with their colleagues employed in state government. In contrast, there seem to exist no significant wage differentials among their male colleagues consequent on differences in public-sector status.

4.2. Wage effects of tenure and training

Extracting the wage effects of individual differences in the length of the current employment relationship from the wage influence exerted by the individuals' total work experience in the labour market is of considerable interest especially when making cross-sectoral comparisons of wage determination. In particular, because of the age

¹¹⁾ This positive wage effect weakens further when also controlling for seniority, and disappears when work experience is given the form of a linear spline (see Tables A10, A14 and A18 of the Appendix).

bonuses paid automatically in the public sector, the wage effects of general work experience and tenure can be expected to differ notably between the private and the public sector. Another hypothesis to be tested is whether there exist clear cross-sectoral differences in the wage gain from participating in employer-financed training, not least because of generally highly differing length and contents of the training offered in the two sectors.

Tables 7 and 8 re-produce the parameter estimates obtained for the preferred functional form of the tenure and training variables.¹²⁾ The full estimation results from supplementing the previously discussed wage equations with these variables are reported in Tables A11–A14 of the Appendix with general work experience given the conventional quadratic form and in Tables A15–A18 of the Appendix with general work experience defined as a linear spline. Comparing the two groups of tables reveals that the functional form of general work experience affects the parameter estimates of the tenure and training variables only marginally.

The estimation results indicate that a considerable part of the tenure-induced wage gains can be located to the *first year* of a new employment relationship, with the effect being stronger in the public sector. A notable exception, though, is the deep recession year of 1991 which is characterised by a fairly strong first-year tenure effect among private-sector women compared both to previous and later years, and to the situation faced by public-sector employees. In that very same year, the first-year wage effects of public-sector employment actually dropped significantly, albeit temporarily, among both men and women. Possibly the relatively large share of new recruits in an environment with drastically rising unemployment in the private sector resulted in less advantageous contracts.

The *tenure-induced wage trend* following upon the first year of the new employment relationship turns out to be very similar among private- and public-sector women. During the boom years in the late 1980s, the wage level grew at a relatively slow rate with the length of the current employment relationship. The growth rate slowed down further at the turn of the decade and, by 1993, the tenure-induced growth in female wages had disappeared in both sectors. Thus in contrast to previous years, the female wage effect of

¹²⁾ The alternatives tried are tenure entering the wage equation as a single continuous variable, and in the conventional quadratic form.

**Table 7. Sectoral earnings effects of tenure and training estimated for women.¹
The full estimation results are in Tables A11–A12 of the Appendix.**

	1987	1989	1991	1993
<i>Women in private-sector employment:</i>				
TENURE < 1 YEAR	0.079* (0.036)	0.077* (0.031)	0.163** (0.039)	0.106 (0.054)
TENURE	0.009* (0.004)	0.013** (0.004)	0.010** (0.004)	0.003 (0.005)
TENURE/1000	-0.132 (0.143)	-0.226 (0.118)	-0.081 (0.123)	0.115 (0.146)
RECEIVED TRAINING (during past 12 months)	0.095** (0.021)	0.121** (0.018)	0.096** (0.019)	0.083** (0.025)
<i>Women in public-sector employment:</i>				
TENURE < 1 YEAR	0.166** (0.041)	0.179** (0.035)	0.095** (0.030)	0.174** (0.049)
TENURE	0.016** (0.005)	0.018** (0.004)	0.010** (0.004)	0.003 (0.006)
TENURE/1000	-0.195 (0.144)	-0.290* (0.133)	-0.065 (0.127)	0.152 (0.189)
RECEIVED TRAINING (during past 12 months)	-0.015 (0.020)	-0.028 (0.020)	0.053** (0.017)	0.019 (0.024)

¹ Standard errors are given in parentheses below the estimates.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

overall work experience estimated for 1993 originated almost entirely in the general experience accumulated so far in working life (see Tables A11–A12 of the Appendix).

The overall trend in tenure-induced wage effects is found to be largely the opposite among men in private-sector employment in the sense that the deep recession years in the early 1990s seem to have strengthened rather than weakened the influence on wages of the length of the current employment relationship. Conversely, the wage profiles of private-sector men are to a declining extent influenced by the general experience that

Table 8. Sectoral earnings effects of tenure and training estimated for men.¹
The full estimation results are in Tables A13–A14 of the Appendix.

	1987	1989	1991	1993
<i>Men in private-sector employment:</i>				
TENURE < 1 YEAR	0.001 (0.031)	0.018 (0.028)	0.045 (0.034)	0.036 (0.048)
TENURE	0.001 (0.004)	0.006 (0.003)	0.011** (0.003)	0.015** (0.005)
TENURE/1000	0.073 (0.122)	-0.026 (0.107)	-0.158 (0.107)	-0.347* (0.151)
RECEIVED TRAINING (during past 12 months)	0.119** (0.019)	0.089** (0.018)	0.095** (0.018)	0.124** (0.024)
<i>Men in public-sector employment:</i>				
TENURE < 1 YEAR	0.102* (0.052)	0.254** (0.057)	0.062 (0.047)	0.210** (0.077)
TENURE	0.009 (0.005)	0.016** (0.006)	0.005 (0.005)	0.017* (0.007)
TENURE/1000	-0.127 (0.145)	-0.228 (0.169)	-0.055 (0.152)	-0.297 (0.197)
RECEIVED TRAINING (during past 12 months)	0.071** (0.023)	0.083** (0.027)	0.039 (0.024)	0.066* (0.029)

¹ Standard errors are given in parentheses below the estimates.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

they have accumulated in the labour market.¹³⁾ And those with a total work experience of only 5 to 9 years seem to have gained most from the increasing attention paid to tenure in these years (cf. *Table 6* above and *Tables A17–A18* of the Appendix).

The deep recession year of 1991 seems to have affected the tenure-wage profiles of men in public-sector jobs most strongly; for none of the tenure variables the estimated coefficient is significantly different from zero. By 1993, however, the influence on wages

¹³⁾ Cf. *Table 3* above and *Table A13* of the Appendix.

of staying in the current employment relationship had recovered to approximately the same level as in the late 1980s, with the crucial importance of tenure being restored also relative to their male colleagues in the private-sector employment.¹⁴⁾

The insignificant wage effect of tenure estimated for public-sector men in 1991 combines with an equally insignificant wage impact of having participated in employer-financed *training* during the preceding 12 months. In previous as well as later years, attending employer-financed training exerted a positive impact on the wages of public-sector men already within the first year following on the training.¹⁵⁾ The wage influence of training is found generally to be clearly higher among men employed in the private sector, possibly due to crucial differences both in the length and contents of the training. Moreover, the deep recession seems to have strengthened the importance not only of tenure but also of training in explaining observed wage differentials among men in private-sector jobs.

The corresponding results obtained for women differ in several important respects. First, for private-sector women the time trend of the wage premium related with training is factually the opposite when compared to that of their male colleagues. In other words, the wage influence of training, as well as tenure, shows a declining trend since the turn of the decade and reaches, in 1993, the lowest level during the investigated time period. Second, among public-sector women participation in employer-financed training is estimated to have had a significant positive wage influence only in the deep recession year of 1991. For the other three years under study the parameter estimate of the training variable is found to be insignificant when, instead, the tenure-induced wage effects stand out as significantly stronger than in 1991.

¹⁴⁾ Cf. *Table 4* above and *Table A14* of the Appendix.

¹⁵⁾ Unfortunately the data do not allow a satisfactory examination of lagged wage effects of training spells.

5. Concluding remarks

The results reported in the present paper indicate that the dramatic shifts in the activity level of the Finnish economy that occurred in the period 1987 to 1993 have affected substantially employment and wage conditions both in the private and the public sector. In particular, the impact on sectoral wage formation of crucial personal and job-related background characteristics has varied markedly with boom and recession. This is found to hold also for individual returns to investment in human capital. The influence of the sharp shifts in the Finnish economy at the turn of the decade has, however, not been similar across sectors and genders. On the contrary, the research results point to several conspicuous differences between the four employee categories investigated.

The wage differentials between differently educated females employed in the private sector turn out to have increased markedly during the deep recession in the early 1990s. The finding of increasing returns to especially university-educated women is well in line with previous evidence reported for Finnish manufacturing using another data set (Asplund 1995) and also with the success of female managers reported in a recent study of the labour market situation of managers in the turbulent years of the early 1990s (Veikkola 1996).

Also their male colleagues have experienced a notable change, but of a clearly different kind, in the returns to formal education: the educational-induced wage differentials among private-sector men increased substantially during the boom in the late 1980s, but declined remarkably during the recession years in the early 1990s. Indeed, by 1993 the estimated returns to education had at all degree levels dropped below the returns estimated for 1987.

The changes in the estimated returns to formal education are found to have been much more moderate in the public sector; the results mainly point to a slow downward trend in education-induced wage differentials among both men and women in public-sector employment. By 1993, these highly different time trends in the returns to formal education had resulted in a situation with small, if any, differences in educational returns across sectors and genders.

The results further indicate that the relatively strong impact of tenure on the wage profiles of women has diminished considerably over the investigated time period and

especially during the recession years. Instead the importance of the general experience accumulated in the labour market has strengthened notably, more among private- than public-sector women.

An opposite trend is discernible among their male colleagues. More precisely, among private-sector men the deep recession seems to have strengthened rather than weakened the influence on wage profiles of the length of the current employment relationship. Among men in public-sector jobs, in contrast, the deep recession year of 1991 swept away all wage effects of both tenure and employer-financed training. By 1993, however, the situation had "normalised".

Men employed in the private sector have to an increasing extent gained economically from participating in employer-financed training. An opposite trend is discernible among their female colleagues. Women in public-sector jobs are found to gain the least from attending employer-financed training courses.

The estimation results also reveal interesting trends in the wage effects of a broad set of other background characteristics. For example, the positive wage effect of being married turns out to prevail among private-sector men irrespective of boom and deep recession. Also the wage premium of having school-aged children obtained for private-sector men is found to be little affected by economic upturns and downturns. Noteworthy is also the strong wage advantage of unionised male employees both in the private and the public sector in the deep recession year of 1991. Furthermore, recent attempts to increase the flexibility in the Finnish labour market seem to have swept away much of the compensating wage differentials that prevailed still in the late 1980s.

Finally it should be emphasised that the highly differing wage effects of boom and recession years on the labour market situation of men and women employed in the private and public sectors tend to support the use of selectivity-corrected wage equations when exploring wage determination across sectors and genders. Correcting for sectoral choice is not necessarily enough. Corrections should also be made with respect to the individuals' decision of whether to enter the labour market at all. Moreover, a tightening labour market seems to clearly increase the interdependence of the two decisions, i.e. the job decision and the choice of sector.

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Table A1. Summary of definitions of included variables

Variable	Definition
W	Average hourly earnings (in FIM) calculated from the before-tax annual wage and salary income recorded in the tax rolls and an estimated amount of annual normal working hours. The earnings data include most types of compensation, including fringe benefits.
lnW	Natural logarithm of W.
BASIC EDUCATION	Indicator for persons with a basic education only (about 9 years or less).
LOWER SEC.EDUC.	Indicator for persons with completed lower-level of upper secondary education (about 10–11 years).
UPPER SEC.EDUC.	Indicator for persons with completed upper-level of upper secondary education (about 12 years).
SHORT NON-UNIV.	Indicator for persons with completed lowest level of higher education (about 13–14 years).
BA-LEVEL	Indicator for persons with completed lower-level graduate university education (about 15 years).
MA-LEVEL	Indicator for persons with completed graduate or post-graduate university education (16 years or more).
EXP	Self-reported total years of labour market experience.
EXP1	Less than 5 years of work experience.
EXP2	A total of 5 to 9 years of work experience.
EXP3	A total of 10 to 19 years of work experience.
EXP4	A total of 20 to 29 years of work experience.
EXP5	A total of 30 to 39 years of work experience.
EXP6	A total of 40 years or more of work experience.
TENURE	Self-reported years with the present employer.
TENURE < 1 YEAR	Indicator for self-reportedly less than 1 year with the present employer.
AGE	Physical age of the individual.
RECEIVED TRAINING	Indicator for persons who self-reportedly had received employer-sponsored formal training during the twelve months preceding the questionnaire.
MARRIED	Indicator for married persons and cohabitants.
CHILDREN AGED 0–6	Indicator for children aged 0 to 6 living at home.
CHILDREN AGED 7–17	Indicator for children aged 7 to 17 living at home.
CHILDREN AGED 0–17	Indicator for children aged 0 to 17 living at home.
CAPITAL AREA	Indicator for residence within the capital region (the Helsinki area).

Table A1. (cont.)

Variable	Definition
UUSIMAA	Indicator for residence in the province of Uusimaa but outside the capital region.
SOUTH	Indicator for residence in the southern parts of Finland other than Uusimaa.
MIDDLE OF FINLAND	Indicator for residence in the middle parts of Finland.
NORTH OF FINLAND	Indicator for residence in the northern parts of Finland.
LOCAL GOVERNMENT	Indicator for employment in the local government (municipality) sector.
TEMPORARY WORK	Indicator for persons who self-reportedly are in temporary employment.
PART-TIME WORK	Indicator for persons who self-reportedly are in part-time employment.
PIECE-RATE WORK	Indicator for persons not paid on an hourly, weekly or monthly basis.
NOT REG. DAY-WORK	Indicator for persons not engaged in regular day-time work.
UNEMPLOYMENT	Indicator for persons who have been unemployed or temporarily laid off during the twelve months preceding the questionnaire.
UNION MEMBER	Indicator for unionised employees.
WORK1	Indicator for persons in technical, physical science, social science, humanistic and artistic work.
WORK2	Indicator for persons in health care and social work.
WORK3	Indicator for persons in managerial, administrative, clerical, and commercial work.
WORK4	Indicator for persons in agriculture, forestry, and fishing.
WORK5	Indicator for persons in transport and communication work.
WORK6	Indicator for persons in manufacturing work, mining and quarrying.
WORK7	Indicator for persons in other service work.

Table A2. Sample means for selection equations (after selection)

	Female employees				Male employees			
	1987	1989	1991	1993	1987	1989	1991	1993
<i>Working selection:</i>								
Basic education, dummy	0.466	0.429	0.391	0.383	0.448	0.421	0.391	0.412
Age	38.5	39.3	39.1	39.2	37.3	38.1	38.1	37.9
Age squared/10	166.5	172.7	171.2	171.4	157.8	163.8	163.1	162.3
Age cubic/100	787.9	827.0	815.3	815.0	733.7	769.8	761.3	760.9
Married or cohab., dummy	0.763	0.666	0.692	0.672	0.683	0.656	0.655	0.639
Children aged 0-17, dummy	0.392	0.388	0.401	0.395	0.349	0.352	0.347	0.341
Living in south of Finland, dummy	0.626	0.618	0.617	0.604	0.605	0.615	0.605	0.616
Sample size	3161	3258	3590	2521	2784	2991	3178	2338
<i>Private-sector selection:</i>								
Secondary educ., dummy	0.496	0.532	0.531	0.539	0.521	0.525	0.520	0.539
Higher educ., dummy	0.135	0.130	0.168	0.191	0.133	0.139	0.174	0.174
Experience, years	16.1	17.3	17.7	18.6	17.5	18.5	18.9	19.2
Living in the county of Uusimaa, dummy	0.086	0.162	0.088	0.093	0.090	0.163	0.094	0.101
Living in other southern parts of Finland, dummy	0.384	0.364	0.343	0.318	0.378	0.382	0.353	0.360
Living in middle of Finland, dummy	0.151	0.158	0.169	0.151	0.156	0.160	0.152	0.171
Living in north of Finland, dummy	0.169	0.188	0.192	0.213	0.193	0.195	0.206	0.180
Married or cohab., dummy	0.826	0.735	0.760	0.757	0.781	0.738	0.758	0.777
Part-time work, dummy	0.066	0.061	0.060	0.077	0.014	0.018	0.024	0.037
Not regular daywork, dummy	0.246	0.262	0.221	0.270	0.220	0.233	0.224	0.247
Dummy for technical etc. work	0.123	0.114	0.135	0.158	0.187	0.193	0.207	0.191
Dummy for health and social work	0.169	0.204	0.221	0.234	0.023	0.022	0.024	0.027
Dummy for agric. etc. work	0.010	0.010	0.014	0.008	0.035	0.031	0.032	0.033
Dummy for transport etc. work	0.034	0.030	0.024	0.027	0.106	0.087	0.087	0.094
Dummy for manuf. and mining	0.122	0.110	0.084	0.081	0.426	0.445	0.377	0.363
Dummy for other service work	0.190	0.173	0.146	0.152	0.059	0.048	0.081	0.103
Sample size	1954	2113	2107	1332	1866	2117	2017	1218

Table A3. Bivariate probit model with endogenous selection for the conditional probability of being in the private sector given being working, full information maximum likelihood estimates for females

	1987	1989	1991	1993
<i>Working selection:</i>				
CONSTANT	-5.013** (0.746)	-2.899** (0.771)	-2.164** (0.733)	-5.580** (0.940)
BASIC EDUCATION	-0.343** (0.058)	-0.367 (0.058)	-0.320** (0.053)	-0.273** (0.065)
AGE	0.294** (0.064)	0.124 (0.067)	0.031 (0.062)	0.287** (0.077)
AGESQ/10	-0.033 (0.017)	0.014** (0.017)	0.039* (0.016)	-0.026 (0.020)
AGEKB/1000	-0.009 (0.014)	-0.047* (0.014)	-0.067** (0.013)	-0.015 (0.016)
MARRIED	0.233** (0.080)	0.137** (0.062)	0.184** (0.056)	0.199** (0.066)
CHILDREN AGED 0–17	-0.239** (0.069)	-0.262** (0.068)	-0.330** (0.061)	-0.350** (0.069)
LIVING IN SOUTH OF FINLAND	0.398** (0.053)	0.203 (0.053)	0.127 (0.048)	0.157** (0.058)
<i>Private-sector selection:</i>				
CONSTANT	0.973** (0.162)	1.325** (0.157)	1.333** (0.163)	0.865** (0.229)
BASIC EDUCATION	0	0	0	0
SECONDARY EDUC. (levels 3–4)	-0.117 (0.084)	-0.207* (0.084)	-0.237** (0.085)	0.029 (0.105)
HIGHER EDUCATION (levels 5–8)	-0.574** (0.128)	-0.620** (0.119)	-0.544** (0.112)	-0.426** (0.144)
EXP/10	-0.046 (0.038)	-0.015** (0.003)	-0.011** (0.003)	-0.008 (0.005)
CAPITAL AREA	0	0	0	0
UUSIMAA	-0.166 (0.135)	0.006 (0.117)	-0.443** (0.130)	0.021 (0.161)
OTHER SOUTH	-0.128 (0.090)	-0.107 (0.103)	-0.214* (0.092)	-0.249* (0.111)

Table A3. (cont.)

	1987	1989	1991	1993
MIDDLE OF FINLAND	-0.431** (0.111)	-0.261* (0.118)	-0.425** (0.108)	-0.308* (0.130)
NORTH OF FINLAND	-0.613** (0.110)	-0.372** (0.115)	-0.491** (0.102)	-0.461** (0.121)
MARRIED	-0.007 (0.096)	0.001 (0.076)	-0.005 (0.077)	-0.060 (0.092)
PART-TIME WORK	0.212 (0.128)	0.292* (0.128)	0.459** (0.152)	-0.038 (0.165)
NOT REGULAR DAY-WORK	0.462** (0.087)	0.418** (0.088)	0.431** (0.092)	0.380** (0.109)
WORK1 (techn. etc. work)	-1.001** (0.112)	-1.156** (0.111)	-1.121** (0.103)	-1.078** (0.130)
WORK2 (health & social work)	-1.854** (0.107)	-2.139** (0.100)	-1.926** (0.095)	-1.912** (0.130)
WORK3 (adm. & sales work)	0	0	0	0
WORK4 (agric. etc. work)	-0.810** (0.298)	-1.250** (0.276)	-1.052** (0.241)	-2.117** (0.587)
WORK5 (transport etc. work)	-1.421** (0.180)	-1.424** (0.184)	-1.113** (0.219)	-1.440** (0.256)
WORK6 (manuf. & mining)	1.270** (0.216)	0.615** (0.146)	0.944** (0.190)	0.819** (0.224)
WORK7 (other service work)	-1.003** (0.091)	-0.709** (0.093)	-0.807** (0.098)	-0.519** (0.120)
RHO(μ_1, μ_2)	0.232* (0.118)	0.018 (0.115)	0.041 (0.123)	0.354* (0.149)
Log-Likelihood	-2509.0	-2575.0	-2950.9	-1996.8
Number of obs. in				
– working selection	3161	3258	3590	2521
– sector selection	1954	2113	2107	1332

¹ Standard errors are given in parentheses below the estimates.
^{**} Denotes significant estimate at a 1 % level.
^{*} Denotes significant estimate at a 5 % level.

Table A4. Bivariate probit model with endogenous selection for the conditional probability of being in the private sector given being working, full information maximum likelihood estimates for males

	1987	1989	1991	1993
<i>Working selection:</i>				
CONSTANT	-6.975** (0.849)	-4.730** (0.772)	-4.458** (0.770)	-3.254** (0.891)
BASIC EDUCATION	-0.328** (0.065)	-0.266** (0.062)	-0.277** (0.056)	-0.321** (0.064)
AGE	0.496** (0.074)	0.307** (0.067)	0.245** (0.065)	0.132 (0.075)
AGESQ/10	-0.093** (0.020)	-0.041* (0.018)	-0.025 (0.017)	0.000 (0.020)
AGEKB/1000	0.044** (0.016)	0.000 (0.002)	-0.011 (0.014)	-0.027 (0.016)
MARRIED	0.504** (0.083)	0.625** (0.077)	0.516** (0.065)	0.405** (0.075)
CHILDREN AGED 0-17	0.410** (0.090)	0.035 (0.086)	0.099 (0.072)	0.239** (0.075)
LIVING IN SOUTH OF FINLAND	0.342** (0.062)	0.296** (0.059)	0.245** (0.053)	0.181** (0.059)
<i>Private-sector selection:</i>				
CONSTANT	2.004** (0.212)	1.567** (0.183)	1.583** (0.176)	1.360** (0.277)
BASIC EDUCATION	0	0	0	0
SECONDARY EDUC. (levels 3-4)	-0.138 (0.092)	-0.157* (0.086)	-0.133 (0.082)	0.165 (0.105)
HIGHER EDUCATION (levels 5-8)	-0.972** (0.140)	-0.682** (0.123)	-0.621** (0.120)	-0.255 (0.154)
EXP/10	-0.185** (0.042)	-0.022** (0.004)	-0.013** (0.003)	-0.023** (0.004)
CAPITAL AREA	0	0	0	0
UUSIMAA	-0.014 (0.142)	0.471** (0.129)	0.005 (0.135)	0.019 (0.163)
OTHER SOUTH	-0.033 (0.098)	0.184 (0.112)	-0.144 (0.092)	-0.062 (0.116)

Table A4. (cont.)

	1987	1989	1991	1993
MIDDLE OF FINLAND	-0.293* (0.118)	0.101 (0.129)	-0.461** (0.106)	-0.322* (0.132)
NORTH OF FINLAND	-0.344** (0.111)	-0.004 (0.123)	-0.312** (0.104)	-0.191 (0.138)
MARRIED	0.066 (0.113)	0.087 (0.100)	0.191* (0.094)	0.231* (0.117)
PART-TIME WORK	-0.472 (0.244)	-0.084 (0.248)	0.018 (0.202)	-0.269 (0.208)
NOT REGULAR DAY-WORK	0.164 (0.099)	0.059 (0.088)	0.221* (0.090)	0.358** (0.105)
WORK1 (techn. etc. work)	-0.954** (0.129)	-0.958** (0.107)	-0.848** (0.106)	-0.944** (0.140)
WORK2 (health & social work)	-2.373** (0.247)	-1.877** (0.224)	-1.938** (0.231)	-2.218** (0.301)
WORK3 (adm. & sales work)	0	0	0	0
WORK4 (agric. etc. work)	-1.104** (0.201)	-0.703** (0.190)	-1.360** (0.182)	-0.743** (0.242)
WORK5 (transport etc. work)	-1.491** (0.159)	-0.910** (0.141)	-1.137** (0.138)	-1.170** (0.171)
WORK6 (manuf. & mining)	-0.395** (0.137)	0.009 (0.112)	-0.150 (0.110)	-0.315* (0.139)
WORK7 (other service work)	-1.932** (0.184)	-1.187** (0.168)	-1.644** (0.142)	-1.674** (0.166)
RHO(μ_1, μ_2)	0.192 (0.134)	0.024 (0.126)	0.099 (0.127)	0.315* (0.153)
Log-Likelihood	-1953.8	-2169.4	-2536.1	-1857.9
Number of obs. in				
– working selection	2784	2991	3178	2338
– sector selection	1866	2117	2017	1218
<p>¹ Standard errors are given in parentheses below the estimates. ** Denotes significant estimate at a 1 % level. * Denotes significant estimate at a 5 % level.</p>				

Table A5. Sample statistics for sectoral wage equations, females¹

	Private-sector female employees				Public-sector female employees			
	1987	1989	1991	1993	1987	1989	1991	1993
Normal hourly wage, FIM	39.28	45.03	54.06	56.54	43.08	50.13	57.96	61.59
	<i>22.15</i>	<i>18.17</i>	<i>22.83</i>	<i>24.38</i>	<i>21.72</i>	<i>22.81</i>	<i>25.37</i>	<i>29.53</i>
Total hourly wage, FIM	39.66	45.42	54.70	57.16	43.25	50.34	58.21	61.87
	<i>22.99</i>	<i>18.54</i>	<i>23.52</i>	<i>24.96</i>	<i>21.78</i>	<i>22.97</i>	<i>25.47</i>	<i>29.68</i>
Log of total hourly wage	3.60	3.76	3.94	3.98	3.69	3.85	3.99	4.05
	<i>0.35</i>	<i>0.32</i>	<i>0.34</i>	<i>0.35</i>	<i>0.36</i>	<i>0.36</i>	<i>0.36</i>	<i>0.37</i>
Normal weekly work. hours	36.8	36.4	36.3	36.0	37.3	37.0	37.1	36.5
	<i>6.5</i>	<i>6.1</i>	<i>6.3</i>	<i>7.2</i>	<i>5.8</i>	<i>5.7</i>	<i>5.0</i>	<i>5.8</i>
Years > compulsory school	1.5	1.7	1.9	2.0	2.6	2.6	2.8	3.0
	<i>1.7</i>	<i>1.6</i>	<i>1.8</i>	<i>1.8</i>	<i>2.1</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>
Basic education, dummy	0.450	0.400	0.378	0.333	0.264	0.258	0.213	0.206
Lower sec. educ., dummy	0.266	0.297	0.268	0.296	0.293	0.325	0.318	0.306
Upper sec. educ., dummy	0.224	0.245	0.264	0.284	0.211	0.194	0.213	0.190
Short non-univ., dummy	0.021	0.026	0.033	0.034	0.110	0.087	0.077	0.117
BA-level, dummy	0.021	0.012	0.027	0.016	0.054	0.053	0.077	0.070
MA-level or more, dummy	0.014	0.020	0.031	0.036	0.068	0.083	0.103	0.111
Experience, years	16.2	17.0	18.1	18.9	16.0	17.7	17.4	18.3
	<i>9.9</i>	<i>10.5</i>	<i>10.2</i>	<i>10.3</i>	<i>9.7</i>	<i>10.1</i>	<i>9.8</i>	<i>9.4</i>
Experience squared/10	36.1	39.8	42.9	46.4	34.9	41.6	39.8	42.4
	<i>37.5</i>	<i>40.8</i>	<i>40.7</i>	<i>43.5</i>	<i>37.0</i>	<i>41.1</i>	<i>38.0</i>	<i>37.9</i>
Years of experience, < 5	4.6	4.6	4.8	4.8	4.6	4.8	4.7	4.9
	<i>1.1</i>	<i>1.1</i>	<i>0.9</i>	<i>0.7</i>	<i>1.1</i>	<i>0.8</i>	<i>0.9</i>	<i>0.6</i>
Years of experience, 5–9	3.9	3.8	4.1	4.2	3.9	4.0	4.0	4.3
	<i>2.0</i>	<i>2.0</i>	<i>1.8</i>	<i>1.7</i>	<i>1.9</i>	<i>1.8</i>	<i>1.8</i>	<i>1.6</i>
Years of experience, 10–19	5.2	5.5	5.9	6.2	5.1	5.8	5.7	6.0
	<i>4.4</i>	<i>4.5</i>	<i>4.4</i>	<i>4.3</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.3</i>
Years of experience, 20–29	2.1	2.4	2.7	2.9	1.9	2.4	2.4	2.7
	<i>3.6</i>	<i>3.7</i>	<i>3.9</i>	<i>4.0</i>	<i>3.4</i>	<i>3.7</i>	<i>3.7</i>	<i>3.8</i>
Years of experience, 30–39	0.4	0.6	0.6	0.8	0.4	0.6	0.5	0.5
	<i>1.6</i>	<i>2.0</i>	<i>1.9</i>	<i>2.2</i>	<i>1.7</i>	<i>2.1</i>	<i>1.7</i>	<i>1.7</i>
Years of experience, 40+	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
	<i>0.4</i>	<i>0.3</i>	<i>0.4</i>	<i>0.6</i>	<i>0.4</i>	<i>0.4</i>	<i>0.2</i>	<i>0.3</i>
Tenure, years	8.4	8.2	9.2	10.1	8.9	9.5	8.8	9.7
	<i>8.1</i>	<i>8.3</i>	<i>8.7</i>	<i>8.9</i>	<i>8.2</i>	<i>8.8</i>	<i>8.2</i>	<i>8.1</i>
Tenure squared/10	13.6	13.6	16.1	18.1	14.6	16.8	14.5	16.0
	<i>21.8</i>	<i>23.1</i>	<i>25.2</i>	<i>28.0</i>	<i>22.9</i>	<i>24.8</i>	<i>21.8</i>	<i>22.2</i>
Tenure < 1 year, dummy	0.150	0.165	0.088	0.087	0.153	0.162	0.149	0.101
Received training, dummy	0.319	0.408	0.402	0.399	0.464	0.559	0.546	0.528
Married or cohab., dummy	0.827	0.741	0.747	0.723	0.823	0.727	0.775	0.792
Children aged 0–6, dummy	0.190	0.187	0.158	0.199	0.222	0.202	0.180	0.230
Children aged 7–17, dummy	0.279	0.259	0.281	0.262	0.297	0.312	0.347	0.274
Capital area, dummy	0.233	0.136	0.253	0.265	0.180	0.120	0.156	0.184
Part-time work, dummy	0.070	0.068	0.073	0.082	0.060	0.052	0.044	0.071
Temporary work, dummy	0.068	0.075	0.072	0.076	0.179	0.203	0.202	0.178
Not reg. day-work, dummy	0.242	0.268	0.227	0.268	0.251	0.255	0.213	0.273
Piece-rate work, dummy	0.112	0.091	0.072	0.067	0.009	0.011	0.005	0.012
Unemployment spells during past 12 months	0.102	0.049	0.108	0.129	0.103	0.057	0.079	0.190
Union member, dummy	0.733	0.709	0.722	0.806	0.881	0.882	0.881	0.939
Local government, dummy					0.751	0.773	0.784	0.772
Number of observations	1083	1195	1131	675	871	918	976	657

¹ Standard deviations are in italics below the means of the continuous variables.

Table A6. Sample statistics for sectoral wage equations, males¹

	Private-sector male employees				Public-sector male employees			
	1987	1989	1991	1993	1987	1989	1991	1993
Normal hourly wage, FIM	48.67	59.21	67.29	68.60	50.57	63.35	71.41	70.63
	<i>22.46</i>	<i>26.93</i>	<i>30.03</i>	<i>30.43</i>	<i>20.71</i>	<i>25.57</i>	<i>29.21</i>	<i>26.81</i>
Total hourly wage, FIM	49.38	60.06	68.75	69.80	50.74	63.65	71.60	70.77
	<i>23.43</i>	<i>28.44</i>	<i>31.82</i>	<i>32.45</i>	<i>20.92</i>	<i>25.90</i>	<i>29.32</i>	<i>26.89</i>
Log of total hourly wage	3.82	4.01	4.15	4.16	3.86	4.08	4.20	4.20
	<i>0.38</i>	<i>0.39</i>	<i>0.39</i>	<i>0.41</i>	<i>0.35</i>	<i>0.36</i>	<i>0.37</i>	<i>0.35</i>
Normal weekly work. hours	39.5	38.5	38.4	38.3	38.3	37.7	37.5	37.7
	<i>4.8</i>	<i>5.1</i>	<i>5.1</i>	<i>6.0</i>	<i>5.1</i>	<i>5.3</i>	<i>5.3</i>	<i>4.5</i>
Years > compulsory school	1.8	1.8	2.1	2.2	2.7	2.9	2.9	2.8
	<i>1.8</i>	<i>1.8</i>	<i>2.0</i>	<i>1.9</i>	<i>2.4</i>	<i>2.6</i>	<i>2.5</i>	<i>2.7</i>
Basic education, dummy	0.366	0.357	0.329	0.279	0.290	0.271	0.247	0.304
Lower sec. educ., dummy	0.361	0.378	0.340	0.376	0.271	0.254	0.275	0.240
Upper sec. educ., dummy	0.186	0.169	0.196	0.204	0.174	0.198	0.206	0.203
Short non-univ., dummy	0.042	0.050	0.061	0.058	0.088	0.065	0.069	0.042
BA-level, dummy	0.006	0.009	0.013	0.020	0.046	0.050	0.050	0.050
MA-level or more, dummy	0.040	0.037	0.061	0.063	0.132	0.162	0.152	0.162
Experience, years	17.1	17.8	18.5	18.2	18.5	20.8	19.7	21.6
	<i>11.0</i>	<i>11.2</i>	<i>10.8</i>	<i>10.6</i>	<i>10.4</i>	<i>11.1</i>	<i>11.2</i>	<i>10.7</i>
Experience squared/10	41.4	44.4	46.1	44.4	44.9	55.5	51.1	57.9
	<i>45.0</i>	<i>46.7</i>	<i>46.4</i>	<i>44.1</i>	<i>43.8</i>	<i>48.9</i>	<i>47.8</i>	<i>47.9</i>
Years of experience, < 5	4.6	4.7	4.8	4.8	4.8	4.8	4.7	4.9
	<i>1.0</i>	<i>1.0</i>	<i>0.7</i>	<i>0.9</i>	<i>0.9</i>	<i>0.8</i>	<i>1.0</i>	<i>0.7</i>
Years of experience, 5–9	3.8	3.8	4.1	4.1	4.2	4.3	4.1	4.4
	<i>2.0</i>	<i>2.0</i>	<i>1.7</i>	<i>1.7</i>	<i>1.7</i>	<i>1.7</i>	<i>1.8</i>	<i>1.5</i>
Years of experience, 10–19	5.4	5.6	5.8	5.7	5.9	6.7	6.3	7.0
	<i>4.5</i>	<i>4.5</i>	<i>4.4</i>	<i>4.4</i>	<i>4.3</i>	<i>4.1</i>	<i>4.3</i>	<i>4.2</i>
Years of experience, 20–29	2.5	2.7	2.8	2.8	2.8	3.7	3.3	4.0
	<i>3.8</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.3</i>	<i>4.3</i>	<i>4.4</i>
Years of experience, 30–39	0.8	0.9	0.9	0.8	0.8	1.2	1.1	1.2
	<i>2.3</i>	<i>2.5</i>	<i>2.5</i>	<i>2.3</i>	<i>2.2</i>	<i>2.8</i>	<i>2.6</i>	<i>2.7</i>
Years of experience, 40+	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	<i>0.6</i>	<i>0.5</i>	<i>0.6</i>	<i>0.5</i>	<i>0.6</i>	<i>0.6</i>	<i>0.7</i>	<i>0.6</i>
Tenure, years	8.6	8.5	9.3	10.0	11.3	12.1	10.4	12.6
	<i>8.4</i>	<i>8.9</i>	<i>8.9</i>	<i>9.3</i>	<i>8.9</i>	<i>9.3</i>	<i>9.3</i>	<i>9.2</i>
Tenure squared/10	14.4	15.1	16.4	18.5	20.6	23.2	19.5	24.4
	<i>22.9</i>	<i>25.9</i>	<i>26.6</i>	<i>28.9</i>	<i>27.8</i>	<i>28.2</i>	<i>27.0</i>	<i>28.4</i>
Tenure < 1 year, dummy	0.160	0.185	0.109	0.142	0.097	0.093	0.157	0.100
Received training, dummy	0.332	0.398	0.366	0.363	0.464	0.572	0.507	0.493
Married or cohab., dummy	0.769	0.725	0.760	0.773	0.815	0.782	0.751	0.786
Children aged 0–6, dummy	0.263	0.249	0.251	0.268	0.246	0.206	0.237	0.212
Children aged 7–17, dummy	0.212	0.206	0.219	0.235	0.261	0.252	0.225	0.287
Capital area, dummy	0.188	0.093	0.208	0.199	0.172	0.123	0.164	0.162
Part-time work, dummy	0.010	0.016	0.020	0.034	0.025	0.024	0.035	0.045
Temporary work, dummy	0.060	0.060	0.060	0.082	0.116	0.109	0.180	0.150
Not reg. day-work, dummy	0.210	0.232	0.221	0.254	0.248	0.236	0.230	0.231
Piece-rate work, dummy	0.148	0.182	0.151	0.147	0.023	0.028	0.029	0.020
Unemployment spells during past 12 months	0.117	0.063	0.177	0.236	0.074	0.050	0.099	0.195
Union member, dummy	0.700	0.707	0.714	0.754	0.868	0.879	0.856	0.905
Local government, dummy					0.500	0.459	0.500	0.451
Number of observations	1390	1612	1439	859	476	505	578	359

¹ Standard deviations are in italics below the means of the continuous variables.

Table A7. Sectoral estimates for women in private-sector employment with work experience given the form of a spline.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.498** (0.081)	3.700** (0.075)	3.698** (0.091)	3.339** (0.158)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	-0.030 (0.026)	0.018 (0.024)	0.000 (0.026)	0.054 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.160** (0.029)	0.183** (0.027)	0.172** (0.027)	0.183** (0.039)
SHORT NON-UNIV. (about 13–14 years)	0.328** (0.070)	0.338** (0.062)	0.335** (0.058)	0.432** (0.076)
BA-LEVEL (about 15 years)	0.453** (0.071)	0.410** (0.083)	0.370** (0.060)	0.479** (0.102)
MA-LEVEL (16 years or more)	0.592** (0.085)	0.546** (0.067)	0.462** (0.060)	0.709** (0.079)
EXP1 (0–4 years)	-0.015 (0.014)	-0.043** (0.012)	-0.017 (0.015)	0.016 (0.026)
EXP2 (5–9 years)	0.019* (0.009)	0.025** (0.008)	0.016 (0.009)	0.045** (0.012)
EXP3 (10–19 years)	0.009* (0.004)	0.009* (0.004)	0.009* (0.004)	0.004 (0.005)
EXP4 (20–29 years)	0.001 (0.004)	0.004 (0.004)	0.007* (0.004)	0.007 (0.005)
EXP5 (30–39 years)	0.003 (0.009)	-0.002 (0.007)	-0.001 (0.006)	-0.014 (0.008)
EXP6 (40+ years)	-0.007 (0.026)	-0.005 (0.031)	-0.010 (0.025)	-0.003 (0.024)
MARRIED	-0.032 (0.030)	0.017 (0.022)	0.008 (0.023)	0.036 (0.032)
CHILDREN AGED 0–6	0.060* (0.029)	0.024 (0.026)	0.046 (0.029)	-0.055 (0.038)
CHILDREN AGED 7–17	-0.002 (0.025)	0.015 (0.023)	0.061** (0.023)	0.011 (0.032)

Table A7. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.140** (0.024)	0.126** (0.026)	0.161** (0.023)	0.132** (0.030)
PART-TIME WORK	0.234** (0.038)	0.189** (0.036)	0.190** (0.037)	0.209** (0.047)
TEMPORARY WORK	0.069 (0.039)	-0.042 (0.034)	0.024 (0.038)	-0.023 (0.051)
NOT REGULAR DAY-WORK	0.088** (0.023)	0.013 (0.020)	0.043 (0.023)	0.000 (0.028)
PIECE-RATE WORK	0.020 (0.031)	-0.049 (0.030)	-0.009 (0.036)	0.052 (0.049)
UNEMPLOYMENT SPELLS (past 12 months)	-0.077* (0.032)	0.009 (0.041)	0.005 (0.029)	0.040 (0.037)
UNION MEMBER	-0.045 (0.024)	0.003 (0.020)	0.032 (0.021)	-0.014 (0.032)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.099* (0.050)	0.011 (0.050)	-0.073 (0.049)	0.196* (0.077)
LAMBDA2 (ϵ, μ_2) (sector selection)	0.032 (0.026)	-0.051 (0.027)	0.037 (0.027)	0.011 (0.035)
Pseudo R ² adj.	0.231	0.163	0.231	0.216
SEE	0.304	0.292	0.298	0.301
F-value	15.08**	11.11**	15.74**	9.05**
Number of obs.	1083	1195	1131	675

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A8. Sectoral estimates for women in public-sector employment with work experience given the form of a spline.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.480** (0.087)	3.584** (0.095)	3.732** (0.091)	3.957** (0.151)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.039 (0.029)	0.095** (0.028)	0.093** (0.026)	0.105** (0.035)
UPPER SEC. EDUC. (about 12 years)	0.194** (0.032)	0.246** (0.032)	0.237** (0.027)	0.160** (0.038)
SHORT NON-UNIV. (about 13–14 years)	0.368** (0.039)	0.417** (0.040)	0.468** (0.037)	0.409** (0.044)
BA-LEVEL (about 15 years)	0.527** (0.049)	0.643** (0.048)	0.594** (0.037)	0.521** (0.051)
MA-LEVEL (16 years or more)	0.654** (0.047)	0.751** (0.042)	0.786** (0.035)	0.652** (0.048)
EXP1 (0–4 years)	-0.049** (0.014)	-0.030* (0.015)	-0.025 (0.014)	-0.049 (0.026)
EXP2 (5–9 years)	0.028** (0.009)	0.015 (0.009)	0.012 (0.008)	0.013 (0.012)
EXP3 (10–19 years)	0.010** (0.004)	0.011** (0.004)	0.011** (0.003)	0.017** (0.005)
EXP4 (20–29 years)	0.010* (0.005)	0.009* (0.004)	0.005 (0.003)	0.004 (0.005)
EXP5 (30–39 years)	0.004 (0.008)	-0.005 (0.006)	0.004 (0.007)	0.001 (0.009)
EXP6 (40+ years)	-0.019 (0.031)	-0.016 (0.026)	0.019 (0.044)	-0.002 (0.044)
MARRIED	-0.019 (0.030)	0.010 (0.023)	-0.040 (0.021)	-0.017 (0.030)
CHILDREN AGED 0–6	0.072* (0.029)	0.069* (0.029)	-0.028 (0.025)	0.085** (0.033)
CHILDREN AGED 7–17	-0.001 (0.025)	0.021 (0.024)	0.002 (0.021)	0.004 (0.029)

Table A8. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.041 (0.026)	0.026 (0.030)	0.086** (0.023)	0.045 (0.030)
PART-TIME WORK	0.314** (0.045)	0.132** (0.042)	0.221** (0.039)	0.351** (0.045)
TEMPORARY WORK	0.080** (0.031)	-0.005 (0.028)	-0.050* (0.024)	0.024 (0.035)
NOT REGULAR DAY-WORK	0.157** (0.023)	0.128** (0.022)	0.157** (0.020)	0.070** (0.026)
PIECE-RATE WORK	-0.273** (0.104)	-0.061 (0.087)	0.198 (0.116)	0.022 (0.101)
UNEMPLOYMENT SPELLS (past 12 months)	-0.043 (0.038)	-0.099* (0.044)	-0.015 (0.034)	-0.041 (0.030)
UNION MEMBER	0.061 (0.033)	-0.003 (0.031)	0.026 (0.026)	-0.091 (0.048)
WORKING IN LOCAL GOVERNMENT	-0.037 (0.024)	-0.080** (0.025)	-0.027 (0.022)	-0.052 (0.030)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.041 (0.045)	0.098* (0.050)	-0.055 (0.047)	0.035 (0.061)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.032 (0.028)	-0.020 (0.023)	-0.042 (0.022)	0.027 (0.033)
Pseudo R ² adj.	0.360	0.393	0.529	0.393
SEE	0.281	0.276	0.245	0.280
F-value	21.40**	25.76**	46.62**	18.67**
Number of obs.	871	918	976	657

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A9. Sectoral estimates for men in private-sector employment with work experience given the form of a spline.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.580** (0.089)	3.638** (0.080)	3.816** (0.114)	3.902** (0.175)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.109** (0.023)	0.087** (0.021)	0.074** (0.023)	0.008 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.287** (0.028)	0.296** (0.028)	0.281** (0.028)	0.187** (0.041)
SHORT NON-UNIV. (about 13–14 years)	0.553** (0.052)	0.582** (0.045)	0.533** (0.044)	0.352** (0.059)
BA-LEVEL (about 15 years)	0.602** (0.111)	0.769** (0.088)	0.722** (0.075)	0.451** (0.088)
MA-LEVEL (16 years or more)	0.682** (0.052)	0.826** (0.050)	0.691** (0.044)	0.583** (0.057)
EXP1 (0–4 years)	-0.031* (0.013)	-0.006 (0.013)	-0.007 (0.017)	-0.036 (0.021)
EXP2 (5–9 years)	0.030** (0.008)	0.023** (0.008)	0.018* (0.008)	0.023 (0.012)
EXP3 (10–19 years)	0.011** (0.004)	0.016** (0.004)	0.020** (0.004)	0.019** (0.005)
EXP4 (20–29 years)	0.005 (0.004)	0.004 (0.004)	-0.002 (0.004)	0.009 (0.005)
EXP5 (30–39 years)	0.001 (0.006)	0.000 (0.006)	0.007 (0.006)	-0.003 (0.008)
EXP6 (40+ years)	-0.004 (0.018)	-0.010 (0.018)	0.001 (0.017)	0.008 (0.027)
MARRIED	0.085** (0.031)	0.070* (0.028)	0.055 (0.030)	0.102* (0.042)
CHILDREN AGED 0–6	0.011 (0.026)	0.006 (0.025)	-0.015 (0.025)	0.036 (0.035)
CHILDREN AGED 7–17	0.053 (0.027)	0.069** (0.026)	0.018 (0.025)	0.037 (0.036)

Table A9. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.172** (0.024)	0.105** (0.029)	0.147** (0.023)	0.162** (0.031)
PART-TIME WORK	0.025 (0.098)	0.256** (0.069)	0.097 (0.065)	0.100 (0.071)
TEMPORARY WORK	-0.057 (0.039)	-0.031 (0.036)	0.007 (0.036)	-0.013** (0.048)
NOT REGULAR DAY-WORK	0.055* (0.022)	0.076** (0.020)	0.056* (0.022)	0.050 (0.028)
PIECE-RATE WORK	0.051* (0.024)	0.046* (0.021)	-0.022 (0.024)	-0.023 (0.032)
UNEMPLOYMENT SPELLS (past 12 months)	-0.068* (0.028)	-0.049 (0.034)	-0.069** (0.022)	-0.035 (0.028)
UNION MEMBER	0.003 (0.020)	-0.018 (0.019)	0.086** (0.019)	0.071* (0.028)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.035* (0.064)	0.029 (0.060)	-0.103 (0.070)	-0.048 (0.098)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.160** (0.042)	-0.105* (0.042)	-0.193** (0.042)	-0.146** (0.054)
Pseudo R ² adj.	0.320	0.314	0.379	0.353
SEE	0.308	0.322	0.308	0.326
F-value	29.48**	33.05**	39.20**	21.33**
Number of obs.	1390	1612	1439	859

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A10. Sectoral estimates for men in public-sector employment with work experience given the form of a spline.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.462** (0.121)	3.810** (0.140)	3.472** (0.131)	3.530** (0.190)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.125** (0.032)	0.046 (0.036)	0.061 (0.033)	0.051 (0.043)
UPPER SEC. EDUC. (about 12 years)	0.281** (0.037)	0.218** (0.040)	0.252** (0.037)	0.233** (0.045)
SHORT NON-UNIV. (about 13–14 years)	0.501** (0.048)	0.439** (0.059)	0.456** (0.052)	0.338** (0.077)
BA-LEVEL (about 15 years)	0.528** (0.060)	0.426** (0.066)	0.505** (0.059)	0.428** (0.074)
MA-LEVEL (16 years or more)	0.703** (0.043)	0.678** (0.050)	0.657** (0.043)	0.667** (0.050)
EXP1 (0–4 years)	-0.043* (0.021)	-0.095** (0.022)	-0.012 (0.019)	-0.009 (0.026)
EXP2 (5–9 years)	0.025* (0.011)	0.043** (0.014)	0.038** (0.012)	0.038* (0.016)
EXP3 (10–19 years)	0.021** (0.005)	0.007 (0.006)	0.013* (0.005)	0.011 (0.006)
EXP4 (20–29 years)	-0.001 (0.005)	0.008 (0.005)	0.003 (0.005)	0.009 (0.005)
EXP5 (30–39 years)	0.000 (0.008)	0.002 (0.007)	-0.003 (0.007)	-0.003 (0.008)
EXP6 (40+ years)	0.012 (0.024)	0.005 (0.022)	-0.004 (0.018)	-0.045 (0.031)
MARRIED	0.048 (0.040)	0.093* (0.042)	0.077* (0.037)	0.045 (0.048)
CHILDREN AGED 0–6	-0.017 (0.034)	-0.007 (0.038)	-0.009 (0.035)	0.043 (0.048)
CHILDREN AGED 7–17	0.052 (0.034)	0.048 (0.034)	0.041 (0.033)	0.034 (0.043)

Table A10. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.073* (0.030)	0.059 (0.038)	0.034 (0.031)	0.038 (0.038)
PART-TIME WORK	0.382** (0.087)	0.344** (0.083)	0.318** (0.062)	0.211** (0.073)
TEMPORARY WORK	-0.028 (0.044)	-0.086 (0.05)	-0.083* (0.040)	-0.104* (0.053)
NOT REGULAR DAY-WORK	0.080** (0.028)	0.122** (0.032)	0.073** (0.028)	0.083* (0.034)
PIECE-RATE WORK	0.064 (0.073)	0.153* (0.074)	0.075 (0.067)	0.073 (0.099)
UNEMPLOYMENT SPELLS (past 12 months)	-0.139** (0.052)	0.020 (0.064)	0.069 (0.048)	0.002 (0.040)
UNION MEMBER	0.037 (0.036)	0.117** (0.040)	0.160** (0.034)	0.076 (0.050)
WORKING IN LOCAL GOVERNMENT	0.006 (0.022)	-0.018 (0.025)	0.007 (0.022)	-0.086 (0.028)
LAMBDA1 (ϵ, μ_1) (working selection)	0.014 (0.061)	0.012 (0.078)	0.120 (0.072)	0.052 (0.098)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.015 (0.027)	-0.028 (0.035)	-0.022 (0.028)	-0.052 (0.039)
Pseudo R ² adj.	0.543	0.430	0.492	0.447
SEE	0.231	0.268	0.257	0.251
F-value	24.40**	16.81**	24.26**	13.06**
Number of obs.	476	505	578	359

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A11. Sectoral estimates for women in private-sector employment with controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.353** (0.068)	3.451** (0.066)	3.720** (0.074)	3.355** (0.110)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	-0.025 (0.025)	0.020 (0.023)	-0.010 (0.025)	0.047 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.140** (0.029)	0.159** (0.027)	0.142** (0.027)	0.167** (0.038)
SHORT NON-UNIV. (about 13–14 years)	0.304** (0.068)	0.295** (0.061)	0.301** (0.056)	0.389** (0.076)
BA-LEVEL (about 15 years)	0.435** (0.069)	0.373** (0.081)	0.356** (0.058)	0.489** (0.101)
MA-LEVEL (16 years or more)	0.562** (0.084)	0.500** (0.065)	0.421** (0.059)	0.683** (0.079)
EXP	0.009 (0.005)	0.006 (0.005)	0.008 (0.005)	0.030** (0.007)
EXPSQ/1000	-0.162 (0.122)	-0.080 (0.117)	-0.116 (0.115)	-0.624** (0.154)
TENURE < 1 YEAR	0.090** (0.035)	0.108** (0.030)	0.172** (0.038)	0.083 (0.053)
TENURE	0.010* (0.004)	0.016** (0.004)	0.010** (0.004)	0.003 (0.005)
TENURESQ/1000	-0.155 (0.139)	-0.296* (0.117)	-0.088 (0.121)	0.113 (0.145)
RECEIVED TRAINING (during past 12 months)	0.095** (0.021)	0.117** (0.018)	0.096** (0.019)	0.083** (0.025)
MARRIED	-0.034 (0.029)	0.007 (0.021)	0.006 (0.023)	0.025 (0.032)
CHILDREN AGED 0–6	0.056* (0.027)	0.007 (0.024)	0.050 (0.028)	-0.032 (0.037)
CHILDREN AGED 7–17	-0.001 (0.024)	0.015 (0.022)	0.060** (0.023)	0.011 (0.032)

Table A11. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.139** (0.023)	0.111** (0.025)	0.142** (0.022)	0.129** (0.030)
PART-TIME WORK	0.258** (0.038)	0.222** (0.035)	0.209** (0.036)	0.216** (0.048)
TEMPORARY WORK	0.088* (0.040)	-0.021 (0.034)	0.011 (0.039)	-0.054 (0.053)
NOT REGULAR DAY-WORK	0.094** (0.022)	0.034 (0.020)	0.054* (0.022)	0.013 (0.028)
PIECE-RATE WORK	0.030 (0.031)	-0.015 (0.030)	0.013 (0.035)	0.059 (0.048)
UNEMPLOYMENT SPELLS (past 12 months)	-0.066* (0.034)	0.032 (0.043)	-0.002 (0.029)	0.051 (0.038)
UNION MEMBER	-0.050* (0.023)	-0.020 (0.020)	0.002 (0.021)	-0.034 (0.032)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.083 (0.048)	0.031 (0.049)	-0.092 (0.049)	0.187* (0.075)
LAMBDA2 (ϵ, μ_2) (sector selection)	0.019 (0.026)	-0.054* (0.026)	0.031 (0.026)	0.020 (0.035)
Pseudo R ² adj.	0.254	0.201	0.275	0.238
SEE	0.299	0.285	0.290	0.297
F-value	17.05**	14.09**	19.59**	10.13**
Number of obs.	1083	1195	1131	675

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A12. Sectoral estimates for women in public-sector employment with controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.217** (0.076)	3.354** (0.075)	3.550** (0.077)	3.631** (0.112)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.041 (0.029)	0.093** (0.027)	0.093** (0.025)	0.105** (0.035)
UPPER SEC. EDUC. (about 12 years)	0.190** (0.031)	0.240** (0.031)	0.219** (0.027)	0.152** (0.038)
SHORT NON-UNIV. (about 13–14 years)	0.368** (0.039)	0.407** (0.039)	0.445** (0.037)	0.398** (0.045)
BA-LEVEL (about 15 years)	0.521** (0.049)	0.619** (0.047)	0.574** (0.036)	0.525** (0.051)
MA-LEVEL (16 years or more)	0.639** (0.047)	0.748** (0.041)	0.752** (0.035)	0.636** (0.048)
EXP	0.006 (0.005)	0.009 (0.005)	0.007 (0.005)	0.016* (0.007)
EXPSQ/1000	-0.061 (0.122)	-0.148 (0.113)	-0.099 (0.118)	-0.253 (0.162)
TENURE < 1 YEAR	0.200** (0.038)	0.193** (0.034)	0.106** (0.030)	0.194** (0.048)
TENURE	0.019** (0.004)	0.020** (0.004)	0.011** (0.004)	0.005 (0.006)
TENURESQ/1000	-0.259 (0.141)	-0.318* (0.131)	-0.093 (0.126)	0.088 (0.188)
RECEIVED TRAINING (during past 12 months)	-0.015 (0.020)	-0.028 (0.020)	0.049** (0.017)	0.018 (0.024)
MARRIED	-0.025 (0.029)	0.012 (0.022)	-0.049* (0.020)	-0.030 (0.029)
CHILDREN AGED 0–6	0.061* (0.027)	0.052 (0.027)	-0.037 (0.024)	0.071* (0.032)
CHILDREN AGED 7–17	0.008 (0.024)	0.019 (0.023)	0.008 (0.020)	0.007 (0.028)

Table A12. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.039 (0.026)	0.037 (0.029)	0.090** (0.023)	0.051 (0.030)
PART-TIME WORK	0.344** (0.044)	0.140** (0.042)	0.241** (0.039)	0.337** (0.045)
TEMPORARY WORK	0.081** (0.031)	0.024 (0.028)	-0.024 (0.025)	0.024 (0.038)
NOT REGULAR DAY-WORK	0.149** (0.022)	0.119** (0.022)	0.154** (0.020)	0.088** (0.026)
PIECE-RATE WORK	-0.321** (0.102)	-0.058 (0.086)	0.204 (0.110)	0.008 (0.099)
UNEMPLOYMENT SPELLS (past 12 months)	-0.070 (0.039)	-0.142** (0.045)	-0.015 (0.034)	-0.057 (0.031)
UNION MEMBER	0.045 (0.032)	0.002 (0.031)	0.014 (0.025)	-0.085 (0.048)
WORKING IN LOCAL GOVERNMENT	-0.023 (0.024)	-0.074** (0.024)	-0.021 (0.021)	-0.058 (0.030)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.044 (0.044)	0.073 (0.049)	-0.048 (0.045)	0.034 (0.060)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.029 (0.027)	-0.004 (0.023)	-0.032 (0.022)	0.024 (0.032)
Pseudo R ² adj.	0.386	0.425	0.548	0.412
SEE	0.275	0.268	0.240	0.276
F-value	23.83**	29.26**	50.17**	20.14**
Number of obs.	871	918	976	657
<p>¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.</p> <p>** Denotes significant estimate at a 1 % level. * Denotes significant estimate at a 5 % level.</p>				

Table A13. Sectoral estimates for men in private-sector employment with controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.339** (0.068)	3.513** (0.064)	3.624** (0.084)	3.554** (0.149)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.100** (0.023)	0.080** (0.021)	0.065** (0.023)	0.005 (0.034)
UPPER SEC. EDUC. (about 12 years)	0.255** (0.029)	0.265** (0.028)	0.257** (0.027)	0.170** (0.040)
SHORT NON-UNIV. (about 13–14 years)	0.514** (0.052)	0.539** (0.045)	0.496** (0.043)	0.335** (0.058)
BA-LEVEL (about 15 years)	0.537** (0.110)	0.698** (0.087)	0.691** (0.074)	0.433** (0.086)
MA-LEVEL (16 years or more)	0.623** (0.052)	0.779** (0.050)	0.663** (0.043)	0.548** (0.057)
EXP	0.018** (0.005)	0.020** (0.005)	0.019** (0.005)	0.018* (0.008)
EXPSQ/1000	-0.315** (0.121)	-0.333** (0.112)	-0.312* (0.123)	-0.223 (0.183)
TENURE < 1 YEAR	0.022 (0.031)	0.030 (0.028)	0.059 (0.033)	0.068 (0.047)
TENURE	0.003 (0.004)	0.007* (0.003)	0.012** (0.003)	0.017** (0.005)
TENURESQ/1000	0.028 (0.121)	-0.056 (0.106)	-0.191 (0.107)	-0.382** (0.145)
RECEIVED TRAINING (during past 12 months)	0.117** (0.019)	0.087** (0.018)	0.096** (0.018)	0.124** (0.024)
MARRIED	0.086** (0.030)	0.060* (0.028)	0.060* (0.029)	0.102* (0.041)
CHILDREN AGED 0–6	0.033 (0.025)	0.012 (0.024)	-0.006 (0.024)	0.041 (0.033)
CHILDREN AGED 7–17	0.076** (0.026)	0.073** (0.025)	0.020 (0.024)	0.047 (0.034)

Table A13. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.167** (0.023)	0.095** (0.029)	0.151** (0.022)	0.164** (0.031)
PART-TIME WORK	0.077 (0.095)	0.293** (0.068)	0.121# (0.063)	0.164* (0.070)
TEMPORARY WORK	-0.017 (0.040)	0.000 (0.036)	0.051 (0.038)	-0.059 (0.051)
NOT REGULAR DAY-WORK	0.052* (0.022)	0.067** (0.020)	0.056** (0.022)	0.046 (0.028)
PIECE-RATE WORK	0.053* (0.024)	0.055** (0.021)	-0.014 (0.023)	-0.021 (0.032)
UNEMPLOYMENT SPELLS (past 12 months)	-0.043 (0.030)	-0.025 (0.036)	-0.056* (0.023)	-0.007 (0.030)
UNION MEMBER	-0.012 (0.020)	-0.029 (0.019)	0.062** (0.019)	0.052 (0.027)
LAMBDA1 (ϵ, μ_1) (working selection)	0.056 (0.060)	0.049 (0.058)	-0.048 (0.064)	0.014 (0.093)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.160** (0.041)	-0.104* (0.042)	-0.173** (0.040)	-0.145** (0.053)
Pseudo R ² adj.	0.337	0.332	0.401	0.378
SEE	0.304	0.318	0.303	0.320
F-value	31.67**	35.86**	42.82**	23.63**
Number of obs.	1390	1612	1439	859

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A14. Sectoral estimates for men in public-sector employment with controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.158** (0.095)	3.310** (0.116)	3.302** (0.112)	3.401** (0.168)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.120** (0.032)	0.049 (0.035)	0.056 (0.033)	0.033 (0.041)
UPPER SEC. EDUC. (about 12 years)	0.261** (0.037)	0.210** (0.039)	0.247** (0.038)	0.215** (0.045)
SHORT NON-UNIV. (about 13–14 years)	0.484** (0.048)	0.419** (0.059)	0.442** (0.053)	0.294** (0.076)
BA-LEVEL (about 15 years)	0.501** (0.060)	0.423** (0.065)	0.503** (0.060)	0.391** (0.072)
MA-LEVEL (16 years or more)	0.673** (0.044)	0.640** (0.050)	0.654** (0.044)	0.654** (0.048)
EXP	0.018** (0.006)	0.005 (0.007)	0.027** (0.006)	0.019* (0.009)
EXPSQ/1000	-0.281 (0.150)	-0.053 (0.158)	-0.469** (0.143)	-0.303 (0.200)
TENURE < 1 YEAR	0.126* (0.051)	0.311** (0.054)	0.073 (0.045)	0.200** (0.077)
TENURE	0.012* (0.005)	0.018** (0.006)	0.006 (0.005)	0.016* (0.007)
TENURESQ/1000	-0.194 (0.144)	-0.293 (0.166)	-0.097 (0.148)	-0.259 (0.193)
RECEIVED TRAINING (during past 12 months)	0.072** (0.023)	0.085** (0.027)	0.041 (0.024)	0.067* (0.029)
MARRIED	0.028 (0.040)	0.091* (0.041)	0.067 (0.038)	0.055 (0.048)
CHILDREN AGED 0–6	0.011 (0.034)	-0.014 (0.037)	0.007 (0.034)	0.029 (0.045)
CHILDREN AGED 7–17	0.086** (0.033)	0.046 (0.033)	0.051 (0.033)	0.012 (0.041)

Table A14. (cont.)

	1987	1989	1991	1993
LIVING IN CAPITAL AREA	0.063* (0.030)	0.068 (0.037)	0.032 (0.031)	0.029 (0.037)
PART-TIME WORK	0.459** (0.080)	0.420** (0.080)	0.338** (0.062)	0.191* (0.075)
TEMPORARY WORK	0.010 (0.044)	-0.075* (0.049)	-0.096* (0.041)	-0.117 (0.061)
NOT REGULAR DAY-WORK	0.078** (0.020)	0.119** (0.031)	0.080** (0.028)	0.076* (0.033)
PIECE-RATE WORK	0.081 (0.072)	0.190* (0.073)	0.066 (0.067)	0.082 (0.098)
UNEMPLOYMENT SPELLS (past 12 months)	-0.146** (0.054)	-0.056 (0.066)	0.086 (0.049)	0.005 (0.040)
UNION MEMBER	0.008 (0.037)	0.087* (0.039)	0.141** (0.034)	0.060 (0.048)
WORKING IN LOCAL GOVERNMENT	0.015 (0.023)	0.000 (0.024)	0.017 (0.022)	0.009 (0.028)
LAMBDA1 (ϵ, μ_1) (working selection)	0.043 (0.060)	0.062 (0.073)	0.145* (0.072)	-0.023 (0.098)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.019 (0.027)	-0.035 (0.034)	-0.024 (0.028)	-0.058 (0.038)
Pseudo R ² adj.	0.550	0.459	0.495	0.475
SEE	0.229	0.261	0.257	0.245
F-value	25.19**	18.85**	24.52**	14.52**
Number of obs.	476	505	578	359

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A15. Sectoral estimates for women in private-sector employment with work experience splines and controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.429** (0.082)	3.608** (0.076)	3.613** (0.092)	3.303** (0.162)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	-0.026 (0.025)	0.023 (0.023)	-0.009 (0.026)	0.044 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.139** (0.029)	0.160** (0.026)	0.142** (0.027)	0.166** (0.039)
SHORT NON-UNIV. (about 13–14 years)	0.306** (0.069)	0.302** (0.060)	0.303** (0.056)	0.388** (0.076)
BA-LEVEL (about 15 years)	0.436** (0.070)	0.378** (0.080)	0.354** (0.058)	0.489** (0.101)
MA-LEVEL (16 years or more)	0.566** (0.084)	0.511** (0.065)	0.423** (0.059)	0.681** (0.079)
EXP1 (0–4 years)	-0.010 (0.014)	-0.042** (0.012)	-0.003 (0.016)	0.024 (0.026)
EXP2 (5–9 years)	0.014 (0.009)	0.021** (0.008)	0.008 (0.009)	0.048** (0.012)
EXP3 (10–19 years)	0.006 (0.004)	0.003 (0.004)	0.005 (0.004)	0.001 (0.005)
EXP4 (20–29 years)	-0.001 (0.004)	0.004 (0.004)	0.004 (0.004)	0.003 (0.005)
EXP5 (30–39 years)	0.001 (0.009)	-0.006 (0.007)	-0.002 (0.006)	-0.019* (0.008)
EXP6 (40+ years)	0.000 (0.026)	0.007 (0.031)	-0.001 (0.024)	-0.013 (0.024)
TENURE < 1 YEAR	0.079* (0.036)	0.077* (0.031)	0.163** (0.039)	0.106 (0.054)
TENURE	0.009* (0.004)	0.013** (0.004)	0.010** (0.004)	0.003 (0.005)
TENURESQ/1000	-0.132 (0.143)	-0.226 (0.118)	-0.081 (0.123)	0.115 (0.146)
RECEIVED TRAINING (during past 12 months)	0.095** (0.021)	0.121** (0.018)	0.096** (0.019)	0.083** (0.025)

Table A15. (cont.)

	1987	1989	1991	1993
MARRIED	-0.029 (0.030)	0.016 (0.021)	0.007 (0.023)	0.028 (0.032)
CHILDREN AGED 0-6	0.055 (0.028)	0.022 (0.025)	0.055 (0.029)	-0.056 (0.038)
CHILDREN AGED 7-17	-0.006 (0.025)	0.014 (0.022)	0.061** (0.023)	0.008 (0.032)
LIVING IN CAPITAL AREA	0.137** (0.024)	0.114** (0.025)	0.144** (0.022)	0.130** (0.029)
PART-TIME WORK	0.254** (0.038)	0.211** (0.035)	0.206** (0.036)	0.219** (0.047)
TEMPORARY WORK	0.083* (0.040)	-0.021 (0.034)	0.009 (0.039)	-0.043 (0.053)
NOT REGULAR DAY-WORK	0.093** (0.022)	0.026 (0.020)	0.054* (0.022)	0.016 (0.027)
PIECE-RATE WORK	0.032 (0.031)	-0.012 (0.030)	0.012 (0.035)	0.066 (0.048)
UNEMPLOYMENT SPELLS (past 12 months)	-0.070* (0.034)	0.036 (0.042)	-0.001 (0.029)	0.048 (0.038)
UNION MEMBER	-0.045 (0.024)	-0.013 (0.020)	0.003 (0.021)	-0.033 (0.032)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.100* (0.050)	0.015 (0.049)	-0.093 (0.049)	0.201** (0.076)
LAMBDA2 (ϵ, μ_2) (sector selection)	0.020 (0.026)	-0.052* (0.026)	0.032 (0.026)	0.023 (0.035)
Pseudo R ² adj.	0.253	0.211	0.272	0.243
SEE	0.299	0.283	0.289	0.295
F-value	14.60**	12.84**	16.67**	9.00**
Number of obs.	1083	1195	1131	675

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A16. Sectoral estimates for women in public-sector employment with work experience splines and controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.343** (0.092)	3.460** (0.093)	3.664** (0.092)	3.855** (0.152)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.041 (0.029)	0.092** (0.027)	0.091** (0.025)	0.098** (0.035)
UPPER SEC. EDUC. (about 12 years)	0.186** (0.032)	0.244** (0.031)	0.211** (0.027)	0.144** (0.039)
SHORT NON-UNIV. (about 13–14 years)	0.367** (0.039)	0.403** (0.039)	0.441** (0.037)	0.393** (0.045)
BA-LEVEL (about 15 years)	0.523** (0.049)	0.619** (0.047)	0.570** (0.036)	0.518** (0.051)
MA-LEVEL (16 years or more)	0.644** (0.047)	0.748** (0.041)	0.751** (0.035)	0.637** (0.048)
EXP1 (0–4 years)	-0.030* (0.015)	-0.026 (0.015)	-0.022 (0.014)	-0.038 (0.026)
EXP2 (5–9 years)	0.020* (0.009)	0.009 (0.009)	0.012 (0.008)	0.018 (0.012)
EXP3 (10–19 years)	0.004 (0.004)	0.005 (0.004)	0.006 (0.003)	0.013** (0.005)
EXP4 (20–29 years)	0.003 (0.005)	0.005 (0.004)	0.002 (0.003)	-0.001 (0.005)
EXP5 (30–39 years)	0.003 (0.008)	-0.004 (0.007)	0.000 (0.007)	0.000 (0.009)
EXP6 (40+ years)	-0.016 (0.030)	-0.019 (0.026)	0.013 (0.043)	0.007 (0.042)
TENURE < 1 YEAR	0.166** (0.041)	0.179** (0.035)	0.095** (0.030)	0.174** (0.049)
TENURE	0.016** (0.005)	0.018** (0.004)	0.010** (0.004)	0.003 (0.006)
TENURESQ/1000	-0.195 (0.144)	-0.290* (0.133)	-0.065 (0.127)	0.152 (0.189)
RECEIVED TRAINING (during past 12 months)	-0.015 (0.020)	-0.028 (0.020)	0.053** (0.017)	0.019 (0.024)

Table A16. (cont.)

	1987	1989	1991	1993
MARRIED	-0.020 (0.03)	0.012 (0.022)	-0.046* (0.021)	-0.029 (0.029)
CHILDREN AGED 0-6	0.067* (0.028)	0.064* (0.028)	-0.028 (0.025)	0.081* (0.032)
CHILDREN AGED 7-17	0.025 (0.025)	0.025 (0.023)	0.006 (0.020)	0.006 (0.028)
LIVING IN CAPITAL AREA	0.042 (0.026)	0.042 (0.029)	0.092** (0.023)	0.064 (0.030)
PART-TIME WORK	0.331** (0.044)	0.142** (0.042)	0.241** (0.039)	0.342** (0.045)
TEMPORARY WORK	0.082** (0.031)	0.014 (0.029)	-0.024 (0.025)	0.010 (0.038)
NOT REGULAR DAY-WORK	0.150** (0.022)	0.119** (0.022)	0.155** (0.020)	0.089** (0.033)
PIECE-RATE WORK	-0.321** (0.102)	-0.056 (0.086)	0.197 (0.113)	0.023 (0.099)
UNEMPLOYMENT SPELLS (past 12 months)	-0.073 (0.039)	-0.136** (0.045)	-0.027 (0.035)	-0.055# (0.030)
UNION MEMBER	0.053 (0.032)	0.009 (0.031)	0.021 (0.026)	-0.077 (0.048)
WORKING IN LOCAL GOVERNMENT	-0.023 (0.024)	-0.074** (0.024)	-0.020 (0.021)	-0.054 (0.030)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.060 (0.045)	0.063 (0.049)	-0.066 (0.047)	0.019 (0.059)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.029 (0.027)	-0.005 (0.023)	-0.033 (0.022)	0.020 (0.032)
Pseudo R ² adj.	0.388	0.425	0.548	0.414
SEE	0.274	0.268	0.239	0.274
F-value	20.74**	24.21**	43.22**	17.53**
Number of obs.	871	918	976	657

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A3 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A17. Sectoral estimates for men in private-sector employment with work experience splines and controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.560** (0.090)	3.629** (0.082)	3.766** (0.114)	3.824** (0.176)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.097** (0.023)	0.082** (0.021)	0.062** (0.023)	0.002 (0.035)
UPPER SEC. EDUC. (about 12 years)	0.239** (0.029)	0.262** (0.028)	0.252** (0.028)	0.163** (0.040)
SHORT NON-UNIV. (about 13–14 years)	0.503** (0.052)	0.541** (0.045)	0.494** (0.043)	0.325** (0.058)
BA-LEVEL (about 15 years)	0.535** (0.110)	0.696** (0.087)	0.686** (0.074)	0.432** (0.086)
MA-LEVEL (16 years or more)	0.615** (0.052)	0.781** (0.050)	0.654** (0.043)	0.541** (0.057)
EXP1 (0–4 years)	-0.030* (0.013)	-0.008 (0.013)	-0.005 (0.017)	-0.033 (0.021)
EXP2 (5–9 years)	0.028** (0.008)	0.018* (0.008)	0.012 (0.008)	0.018 (0.012)
EXP3 (10–19 years)	0.009* (0.004)	0.013** (0.004)	0.016** (0.004)	0.014** (0.005)
EXP4 (20–29 years)	0.003 (0.004)	0.001 (0.004)	-0.006 (0.004)	0.009# (0.005)
EXP5 (30–39 years)	0.000 (0.006)	-0.002 (0.006)	0.006 (0.006)	-0.004 (0.008)
EXP6 (40+ years)	-0.009 (0.018)	-0.012 (0.018)	0.006 (0.017)	0.023 (0.028)
TENURE < 1 YEAR	0.001 (0.031)	0.018 (0.028)	0.045 (0.034)	0.036 (0.048)
TENURE	0.001 (0.004)	0.006 (0.003)	0.011** (0.003)	0.015** (0.005)
TENURESQ/1000	0.073 (0.122)	-0.026 (0.107)	-0.158 (0.107)	-0.347* (0.151)
RECEIVED TRAINING (during past 12 months)	0.119** (0.019)	0.089** (0.018)	0.095** (0.018)	0.124** (0.024)

Table A17. (cont.)

	1987	1989	1991	1993
MARRIED	0.080** (0.030)	0.060* (0.028)	0.057 (0.029)	0.099* (0.041)
CHILDREN AGED 0-6	0.018 (0.026)	0.009 (0.024)	-0.018 (0.025)	0.038 (0.034)
CHILDREN AGED 7-17	0.056* (0.027)	0.063* (0.025)	0.008 (0.025)	0.024 (0.035)
LIVING IN CAPITAL AREA	0.170** (0.023)	0.095** (0.029)	0.148** (0.022)	0.163** (0.031)
PART-TIME WORK	0.016 (0.096)	0.277** (0.068)	0.117 (0.064)	0.134 (0.071)
TEMPORARY WORK	-0.027 (0.040)	-0.006 (0.036)	0.043 (0.038)	-0.088 (0.052)
NOT REGULAR DAY-WORK	0.054* (0.022)	0.066** (0.020)	0.054* (0.022)	0.045 (0.028)
PIECE-RATE WORK	0.050* (0.024)	0.054* (0.021)	-0.017 (0.023)	-0.023 (0.032)
UNEMPLOYMENT SPELLS (past 12 months)	-0.051 (0.030)	-0.027 (0.036)	-0.053* (0.023)	-0.003 (0.029)
UNION MEMBER	-0.009 (0.020)	-0.027 (0.019)	0.062** (0.019)	0.055* (0.027)
LAMBDA1 (ϵ, μ_1) (working selection)	-0.020 (0.063)	0.020 (0.060)	-0.101 (0.068)	-0.048 (0.096)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.159** (0.041)	-0.102* (0.042)	-0.177** (0.041)	-0.147** (0.053)
Pseudo R ² adj.	0.340	0.333	0.403	0.381
SEE	0.303	0.317	0.302	0.318
F-value	27.71**	30.83**	37.00**	20.54**
Number of obs.	1390	1612	1439	859

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

Table A18. Sectoral estimates for men in public-sector employment with work experience splines and controls for tenure and training.¹ The dependent variable is log hourly wages inclusive of fringe benefits.

	1987	1989	1991	1993
CONSTANT	3.366** (0.124)	3.565** (0.144)	3.420** (0.135)	3.410** (0.193)
BASIC EDUCATION	0	0	0	0
LOWER SEC. EDUC. (about 10–11 years)	0.125** (0.032)	0.053 (0.035)	0.053 (0.033)	0.033 (0.042)
UPPER SEC. EDUC. (about 12 years)	0.257** (0.037)	0.206** (0.039)	0.243** (0.037)	0.219** (0.045)
SHORT NON-UNIV. (about 13–14 years)	0.478** (0.048)	0.421** (0.058)	0.442** (0.052)	0.301** (0.076)
BA-LEVEL (about 15 years)	0.502** (0.060)	0.415** (0.065)	0.493** (0.059)	0.401** (0.072)
MA-LEVEL (16 years or more)	0.676** (0.043)	0.654** (0.050)	0.648** (0.044)	0.660** (0.049)
EXP1 (0–4 years)	-0.035 (0.020)	-0.067** (0.023)	-0.006 (0.019)	0.001 (0.026)
EXP2 (5–9 years)	0.024* (0.011)	0.035* (0.013)	0.036** (0.012)	0.031* (0.016)
EXP3 (10–19 years)	0.016** (0.005)	0.001 (0.006)	0.012* (0.005)	0.005 (0.006)
EXP4 (20–29 years)	-0.004 (0.005)	0.004 (0.005)	0.001 (0.005)	0.006 (0.005)
EXP5 (30–39 years)	0.001 (0.008)	0.004 (0.007)	-0.004 (0.007)	0.000 (0.008)
EXP6 (40+ years)	0.009 (0.023)	0.003 (0.022)	-0.004 (0.018)	-0.034 (0.032)
TENURE < 1 YEAR	0.102* (0.052)	0.254** (0.057)	0.062 (0.047)	0.210** (0.077)
TENURE	0.009# (0.005)	0.016** (0.006)	0.005 (0.005)	0.017* (0.007)
TENURESQ/1000	-0.127 (0.145)	-0.228 (0.169)	-0.055 (0.152)	-0.297 (0.197)
RECEIVED TRAINING (during past 12 months)	0.071** (0.023)	0.083** (0.027)	0.039 (0.024)	0.066* (0.029)

Table A18. (cont.)

	1987	1989	1991	1993
MARRIED	0.030 (0.040)	0.091* (0.041)	0.066 (0.038)	0.052 (0.048)
CHILDREN AGED 0-6	0.002 (0.034)	-0.011 (0.037)	-0.005 (0.035)	0.035 (0.047)
CHILDREN AGED 7-17	0.061 (0.033)	0.038 (0.033)	0.042 (0.033)	0.024 (0.042)
LIVING IN CAPITAL AREA	0.070* (0.029)	0.074* (0.036)	0.035 (0.031)	0.031 (0.037)
PART-TIME WORK	0.380** (0.086)	0.374** (0.081)	0.325** (0.062)	0.177* (0.076)
TEMPORARY WORK	-0.005 (0.044)	-0.065 (0.050)	-0.082 (0.042)	-0.112 (0.061)
NOT REGULAR DAY-WORK	0.077** (0.027)	0.120** (0.031)	0.074** (0.028)	0.079* (0.033)
PIECE-RATE WORK	0.079 (0.071)	0.183* (0.072)	0.062 (0.067)	0.089 (0.099)
UNEMPLOYMENT SPELLS (past 12 months)	-0.158** (0.054)	-0.052 (0.067)	0.067 (0.051)	-0.001 (0.040)
UNION MEMBER	0.017 (0.037)	0.100* (0.040)	0.150** (0.034)	0.065 (0.048)
WORKING IN LOCAL GOVERNMENT	0.018 (0.023)	0.000 (0.025)	0.016 (0.022)	0.086 (0.028)
LAMBDA1 (ϵ, μ_1) (working selection)	0.020 (0.060)	0.009 (0.076)	0.113 (0.072)	0.019 (0.099)
LAMBDA2 (ϵ, μ_2) (sector selection)	-0.019 (0.027)	-0.037 (0.033)	-0.023 (0.028)	-0.058 (0.038)
Pseudo R ² adj.	0.560	0.467	0.493	0.478
SEE	0.227	0.258	0.256	0.244
F-value	22.26**	16.75**	21.08**	12.42**
Number of obs.	476	505	578	359

¹ Standard errors are given in parentheses below the estimates. Bivariate probit sample selection estimates where LAMBDA1 (ϵ, μ_1) gives the selectivity bias associated with the individual's labour force status and LAMBDA2 (ϵ, μ_2) measures the selectivity bias arising from choosing between the private and the public sector. The bivariate probit estimates are displayed in Table A4 of the Appendix.

** Denotes significant estimate at a 1 % level.

* Denotes significant estimate at a 5 % level.

ELINKEINOELÄMÄN TUTKIMUSLAITOS (ETLA)
THE RESEARCH INSTITUTE OF THE FINNISH ECONOMY
LÖNNROTINKATU 4 B, FIN-00120 HELSINKI

Puh./Tel. (09) 609 900
Int. 358-9-609 900
<http://www.etla.fi>

Telefax (09) 601753
Int. 358-9-601 753

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