

Wage differentials between and within establishments: An eclectic approach

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Abstract

This paper is based on a survey among establishments in the private as well as in the public sector. The contents are empirical and eclectic by nature. Empirical means that there is no explicit review of economic theories about wage determination, and that no explicit theoretical conclusions are drawn from the estimation results. Eclectic means that the paper is not confined to one aspect of wage determination, e.g. the tenure effect or the size effect, but that it deals with most aspects that can be found in the literature.

In the paper a distinction is made between human capital factors, firm and job characteristics, personnel policy, and labour market conditions. For wage differentials between organisations the human capital aspects are by far the most important category. For wage dispersion within establishments the firm and job characteristics appear to be more important.

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