

Abstract

Analysis of the Difference in Wages between the Public Sector, State-Owned Enterprises and the Private Sector in Croatia in the Period 2000-2012

RESEARCH ARTICLE

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This article compares the state and developments in net hourly earnings in the public sector, state-owned enterprises and private enterprises in Croatia based on the Labor Force Survey data for the period 2000-2012. The results show that the average wage was almost 40 percent higher in the public than in the private sector in the year 2000, but this difference was reduced to about 25 percent in 2008 and 2012. The wage gap between state-owned enterprises and private enterprises was somewhat smaller – 18 percent on average in 2012. Further quantitative analysis using regression estimates and the Oaxaca-Blinder decomposition method shows that the adjusted wage gap – the wage difference corrected for inter-sectoral differences in the characteristics of workers and the workplace – is significantly lower than the gap measured by the average wage comparison. The regression analysis shows that the adjusted wage premium in the public sector, compared to the private sector, was 18 percent in 2000. It was continuously decreasing in the observed period to reach 5 percent in 2012.

Keywords: wage gap, public sector, private sector, state-owned enterprises, Oaxaca-Blinder decomposition method

JEL classification: J31, J33, J45

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