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on Measurement of the Quality of Employment
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Topic 3

**Wages by level of education and occupation from the Dutch Structure of
Earnings Survey**

Invited paper submitted by Statistics Netherlands¹

Summary

1. Based on the Structure of Earnings Survey every year data are compiled on the earned wages of employees in relation to their level of education and occupation. Statistics Netherlands uses a method for the Structure of Earnings Survey which does not require additional surveys. Information from three distinct sources is combined. The three sources used in the matching procedure are:

- the Annual Survey on Employment and Earnings, a business survey, which collects mainly payroll data from the full range of establishments and in which the public sector is well represented;
- the Insured Persons Register, which contains an even larger number of records and in which the private sector is very well represented, but the number of variables is smaller;
- the Labour Force Survey (LFS), a household survey, which collects data on the employment situation, but also on education and occupation.

¹ Prepared by Eric Schulte Nordholt.

2. When the records are lined up, the matching process is started. Payroll and Insured Persons Register micro data are matched with LFS micro data using linking variables: address, postal code, city, date of birth and sex. Only exact matches are allowed since the aim of the survey is a structural analysis of earning patterns.

3. This method has been applied for the first time to the 1995 Structure of Earnings Survey. For 1996 the method used has been improved. The 1997 Structure of Earnings Survey has been constructed the same way as for 1996. Therefore, the results of 1996 and 1997 are well comparable.

4. Information on the structure of earnings used to be collected from companies by Statistics Netherlands every few years. However, payroll administration data on educational levels and other background characteristics of employees are fairly inexact. Moreover, the response burden on the companies was large. To obtain more reliable data on earning patterns, reduce the response burden and be able to increase the frequency of these statistics, Statistics Netherlands decided to explore the possibilities of obtaining the information needed by matching the records of three main source statistics mentioned above.

5. The survey results of 1997 show, among other things, that hourly wages increase as the level of education increases. Employees with basic education earn 24 Dutch guilders (11 Euros) an hour and employees with university education earn 49 Dutch guilders (22 Euros) an hour. Also age influences the wage level of employees. In the age category 55-64 years they earn on average 2.4 times as much as employees under 25 years.

6. Men have a mean wage per hour that is approximately 30 percent higher than women. Furthermore, the wage differences between men and women increase with age and level of education.

7. Hourly wages increase also as the level of occupation increases. Occupations that require more knowledge and experience are better paid than occupations that do not require specific skills. Managers have the highest hourly wage. Wages of employees in elementary occupations vary less among age categories than wages of employees in academic occupations. For the elementary occupations employees in the age category 55-64 years earn on average 1.7 times as much as employees under 25 years, whereas for the academic occupations employees in the age category 55-64 years earn on average 3.3 times as much as employees under 25 years. Between 1996 and 1997 employees at the academic level of occupation had the highest increases in wages: 6.2 percent. The mean wage increase at the academic level of occupation of those in the age category 25-35 years was even 6.8 percent.
