

PHILIPPE ADAIR

University Paris-Est Créteil-UPEC; ERUDITE Research Team, France

OKSANA NEZHYVENKO

National University of Kyiv-Mohyla Academy-NaUKMA; ERUDITE Research Team, Ukraine

**WAGE DIFFERENTIALS IN EU TRANSITION ECONOMIES
(2009-2016): HOW LARGE A PENALTY FOR FEMALES AND
INFORMAL EMPLOYEES?**

Abstract:

The paper tackles the wage differentials issue upon a large sample of employees in eight EU transition countries over 2009-2016 with respect to human capital theory vs. labour market segmentation theory and according to gender. Using several measurement methods, the results display a significant penalty in average real monthly wages for informal employees, which is always higher for females; hence, informal female employees face a double penalty. In regard of individual and job characteristics, earnings functions investigate the wage penalty for informality, which declines respectively to 20 per cent and 12 per cent for males, and 27 per cent and 17 per cent for female employees. Next, fixed effects model demonstrates that wage penalty reaches 23 per cent for females and over 10 per cent for males. Last, according to the decomposition model, explained variables (individual and job characteristics) account for two-thirds of the wage differentials, which prove better explained on the demand side of firms and supports the segmentation theory.

Keywords:

Decomposition model; EU-SILC; informal employment; Mincer model; panel data; quantile regression; transition economy; wage differentials

JEL Classification: E26, J16, J31