

Article

Do Relative Wages Matter for Public-Sector Retention?

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Abstract

We study how relative wages are associated with sectoral exit across public-sector branches in the Netherlands. Sectoral exit is defined as no longer being employed in the same public-sector branch one year later. Using administrative individual-job data from Statistics Netherlands covering 2013–2022, we apply one-to-one nearest-neighbor propensity score matching on individual and job characteristics to compare public-service workers with similar workers employed outside the focal branch. The resulting wage differential provides a relative earnings benchmark rather than a direct measure of each worker's actual outside option. We subsequently estimate logit models and report average adjusted predicted probabilities of sectoral exit. We find that lower relative hourly wages are associated with higher probabilities of sectoral exit in national government, municipalities, police, the military branch of defense, and healthcare. In contrast, wage differentials play a limited role in water management, provinces, and the justice department. In education, higher relative wages are associated with higher probabilities of sectoral exit. These estimates describe conditional correlations and should not be interpreted as causal effects of wages on exit. This paper contributes to the literature by documenting heterogeneity in the relationship between relative compensation and realized sectoral exit across a broad set of public-sector branches.

Keywords: public-sector employment; sectoral exit; relative wages; compensating wage differentials; propensity score matching; administrative data

1. Introduction

Institutional quality is a key determinant in economic development (Siyakiya, 2017). It underpins economic transactions (Estache & Martimort, 1999), protects property rights (North, 1997), and promotes investments in physical and human capital (OECD, 2023a). Public-service workers play a key role in sustaining these institutional functions. Their performance has direct implications for the effectiveness of public institutions.

Attracting and retaining qualified public-service workers is therefore essential for maintaining government capacity and the quality of public-service delivery. Compensation may affect retention by altering the attractiveness of current employment relative to alternative jobs. However, the importance of relative pay is unlikely to be uniform across the public sector. Government administration, law enforcement, defense, health care, and education differ substantially in pay scales, working conditions, occupational risks, career structures, and non-pecuniary rewards. Evidence from one branch therefore cannot be generalized to public employment as a whole.

A large literature examines public–private wage differentials and the sorting of workers between public- and private-sector employment (Hartog & Oosterbeek, 1993;



Academic Editor: Kanat Abdulla

Received: 29 May 2026

Revised: 6 August 2026

Accepted: 24 August 2026

Published: 3 September 2026

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Dustmann & Van Soest, 1998; Borjas, 2002; Melly, 2005). Related theoretical and empirical studies examine how monetary incentives and public-service motivation influence recruitment and selection into public employment (Delfgaauw & Dur, 2007; Prendergast, 2007; Ritz et al., 2016). A separate literature studies job satisfaction, turnover intentions, and employee retention in public organizations (Bertelli, 2007; Böckerman & Ilmakunnas, 2009). By comparison, there is relatively little evidence on how relative wages are associated with realized exits across multiple public-sector branches.

These considerations motivate an empirical question: to what extent are relative wages associated with decisions to leave a particular public-sector branch? We address this question using rich administrative data from Statistics Netherlands over the period of 2013–2022. The data provide detailed information on hourly wages across a broad set of public-sector branches, including (i) general government bodies, (ii) law enforcement and defense, and (iii) education. General government bodies include both central and decentralized government institutions as well as the healthcare sector.¹ Law enforcement and defense comprise the justice department, the police and the civilian and military branches of defense. The education sector covers primary, secondary, vocational, and university education.²

In addition to wage information, the data contain detailed information on job characteristics (contract status, number of hours worked, and total wage income) as well as personal characteristics (education, place of residence, gender, age, and migration background). To construct comparable groups of workers, we match public-service workers to observationally similar workers employed outside the focal branch using one-to-one nearest-neighbor propensity score matching without replacement. We base this matching on the aforementioned job and personal characteristics. We find that the matched groups are well balanced on observables.³

Using these matched data, we compute hourly wage differentials between public-service workers and their matched counterparts. We then observe whether workers remain employed in the same public-sector branch one year later.⁴ A worker is classified as having exited when they are no longer employed in the focal branch, irrespective of whether they move to another public-sector branch, to the private sector, or out of observed employment.⁵ We then estimate branch-specific logit models relating the wage differential to the probability of sectoral exit. In these regressions, we control for personal characteristics, job characteristics, and year fixed effects. Although matching improves comparability on observed characteristics, unobserved worker preferences or job attributes may still be related to both relative wages and sectoral exit. We therefore interpret the estimates as conditional associations rather than causal effects.

We find substantial heterogeneity across sectors. Public-service workers earning less than their matched peers are more likely to exit national government, municipalities, police, the military branch of defense, and healthcare. Higher relative wages are associated with greater retention in municipalities, police, and the military branch of defense. In contrast, wage differentials do not significantly predict sectoral exit in provinces, water management, or the justice department. For education, higher relative wages are associated with higher exit rates.⁶

Our contribution to the literature is threefold. First, we shift attention from recruitment into public employment and stated turnover intentions to realized sectoral exit. While much of the existing literature examines worker selection into public service or intentions to leave (Delfgaauw & Dur, 2007; Prendergast, 2007; Prihandinisari et al., 2020), relatively little evidence examines whether relative wages are associated with actual departures from a worker's focal public-sector branch. Second, we construct an individual-level relative-wage benchmark by matching public-service workers to observationally similar workers employed outside the focal branch. This approach allows us to compare the earnings of

workers with similar observed characteristics rather than relying on unconditional public–private wage differences. Third, we examine a broad range of public-sector branches within a common empirical framework. This makes it possible to assess whether the relationship between relative wages and retention is a general feature of public employment or instead varies across public-sector branches.

Beyond public-sector retention, the paper addresses broader economic questions. It examines how relative wages relate to the allocation of human capital between public and private employment. It also speaks to the role of wage-setting institutions in shaping public-sector labor supply. These issues matter for government capacity because persistent staffing shortages may affect the continuity and quality of public-service delivery.

The setup for the rest of the paper is as follows. Section 2 reviews the related literature. Section 3 describes the institutional framework governing wage bargaining in the Netherlands. Section 4 presents summary statistics. Section 5 reports the regression results. Section 6 concludes.

2. Literature Review

This section develops the conceptual framework underlying our empirical analysis. We first discuss how public-sector wage-setting institutions differ from those in the private sector and how these differences may shape relative compensation. We then consider worker sorting into public employment, including the role of preferences for public-service work and other non-pecuniary job attributes. Next, we introduce the theory of compensating wage differentials, which provides the main economic basis for interpreting observed wage gaps. Building on this literature, we formulate a simple decision framework in which workers compare the utility of remaining in their current public-sector branch with the utility of alternative employment. The section concludes by positioning our analysis within the existing literature and clarifying its empirical contribution.

2.1. Public-Sector Compensation

Public-sector labor markets differ fundamentally from private-sector labor markets. Market forces and profit incentives are largely absent within the government sector. Instead, public-sector wages are commonly determined through administrative pay scales, collective bargaining agreements, and formal job classifications.⁷ Individual wage bargaining and performance-related pay generally play a more limited role than in the private sector.⁸ As a result, public-sector wage structures tend to be more compressed and less responsive to differences in individual productivity and local labor-market conditions. These institutional features can affect both the composition and mobility of the public-sector workforce. A compressed public-sector wage structure may be relatively attractive to workers located in the lower part of the private-sector wage distribution. For workers with greater private-sector earning potential, the public sector may be less attractive (Borjas, 2002; Melly, 2005). The public–private wage differential is therefore unlikely to be constant across workers. It may differ by education, occupation, gender, experience, and region.

Research on public-sector compensation therefore emphasizes the need to compare workers with similar productive characteristics rather than simply comparing average wages across sectors (Gittleman & Pierce, 2012). At the same time, relative wages may affect which workers enter, remain in, or leave public employment. Understanding observed wage differentials therefore requires attention not only to wage-setting institutions but also to worker sorting and preferences over non-wage job attributes.

2.2. Worker Sorting and Non-Pecuniary Preferences

Workers may select into government jobs not only on the basis of wages but also because of intrinsic motivation and commitment to public-service goals (Ritz et al., 2016; Lim & Moon, 2025). At the same time, higher pay can attract individuals who are primarily motivated by financial rewards, potentially crowding out intrinsically motivated workers (Delfgaauw & Dur, 2007; Prendergast, 2007).

Empirical evidence for the Netherlands, Germany, and the United States suggests that such selection mechanisms are quantitatively relevant (Dustmann & Van Soest, 1998; Hartog & Oosterbeek, 1993; Jones, 2015).⁹ Observed wage differentials between the public and private sectors therefore reflect not only differences in remuneration. They may also capture differences in worker preferences and job attributes. This makes it difficult to interpret a wage gap in isolation and motivates the compensating-wage-differential framework.

2.3. Compensating Wage Differentials

The theory of compensating wage differentials provides the main conceptual basis for our analysis. In its standard form, the theory recognizes that workers care not only about wages but also about non-wage characteristics of employment. Jobs with desirable attributes may offer lower wages because workers are willing to pay for those attributes through foregone earnings. Conversely, jobs with undesirable attributes may have to offer a wage premium to attract and retain workers.

Relevant job attributes can include job security, working hours, physical risk, workload, autonomy, career opportunities, workplace relationships, and intrinsic motivation. Contemporary evidence confirms that workers place substantial value on non-wage employment conditions and may accept lower earnings in exchange for preferred working arrangements (Mas & Pallais, 2017). Teaching jobs may likewise combine favorable and unfavorable non-wage attributes. Favorable attributes may include intrinsic rewards derived from contributing to student development and public-service motivation (Ritz et al., 2016), whereas unfavorable attributes may include emotional strain, administrative responsibilities, high workload, and work performed outside contracted hours (TNO, n.d.). These attributes may affect both worker sorting into education and subsequent decisions to remain in or leave the sector.

The main insight of the compensating-differential framework is therefore that an observed wage gap cannot automatically be interpreted as either underpayment or overpayment. A lower wage may be offset by more favorable non-wage conditions, while a higher wage may compensate workers for undesirable working conditions. Moreover, workers differ in their preferences over job attributes. Modern labor-market models consequently emphasize heterogeneous worker preferences and sorting across employers and jobs (Dickson et al., 2014; Lamadon et al., 2022).

2.4. A Decision Framework for Relative Wages and Sectoral Exit

To connect the compensating-wage-differential literature to our empirical analysis, consider a public-service worker i in public-sector branch z . The utility derived from remaining in that branch can be represented¹⁰ as

$$U_{iz}^S = w_{iz} + A_{iz} + \varepsilon_{iz}$$

In the above equation, w_{iz} is the monetary compensation received in the current public-sector branch. A_{iz} denotes the value of observed and unobserved non-wage attributes.¹¹ ε_{iz} captures idiosyncratic factors affecting the utility of staying.

The utility associated with leaving the focal public-sector branch is given by

$$U_{iz}^E = w_i^* + A_i^* + \varepsilon_i^*$$

w_i^* denotes the wage available in alternative employment. A_i^* represents the non-wage attributes of that alternative. ε_i^* captures idiosyncratic factors affecting the utility of alternative employment. When we assume that C_i captures the costs of mobility, a worker exits the current public-sector branch if

$$U_{iz}^E - C_i > U_{iz}^S$$

Rearranging yields

$$\underbrace{(w_i^* - w_{iz})}_{\text{monetary compensation}} + \underbrace{(A_i^* - A_{iz})}_{\text{non-wage attributes}} + \underbrace{(\varepsilon_i^* - \varepsilon_{iz})}_{\text{idiosyncratic factors}} - C_i > 0$$

This expression illustrates the role of relative wages. Holding non-wage attributes, idiosyncratic utility components, and mobility costs constant, the incentive to exit the sector increases when the wage available in alternative employment rises relative to the wage in the worker's current government branch. Equivalently, workers whose current wages compare favorably with wages in alternative employment should generally be less inclined to leave the public-sector branch.

The framework also shows why the relationship may differ across sectors and workers. A comparatively low current wage need not result in an exit decision when the current job provides valuable non-wage benefits or when mobility costs are high. Conversely, a comparatively high wage does not guarantee retention if alternative jobs offer superior non-wage attributes.

2.5. Contribution

Existing research on public-sector labor markets has largely focused on public-private wage differentials, worker selection into public employment, and stated turnover intentions. To our knowledge, no study has examined this mechanism using administrative data in developed economies.

This paper contributes to the literature by examining the association between relative wages and realized sectoral exit. Rather than estimating causal effects, we examine whether wage differentials are systematically associated with the likelihood that public-service workers exit their focal public-sector branch. We do this across a broad set of public-sector branches, including government bodies (national and regional), law enforcement and defense, and education.

The objective is not to estimate a structural labor-supply model or a causal wage elasticity of sectoral exit. Rather, the paper documents whether the association between relative wages and subsequent sectoral exit differs systematically across public-sector branches. Throughout the paper, sectoral exit refers to departure from the focal branch and should not be interpreted as departure from public employment as a whole. The analysis therefore provides evidence on where compensation appears to be closely related to retention and where non-wage factors may be comparatively more important.

3. Institutional Framework

Wage setting in the Netherlands is characterized by extensive collective-bargaining coverage. Public-sector wages are determined through sector-specific collective labor agreements and administrative pay scales. These agreements regulate salary scales, periodic

wage progression, working hours, and other employment conditions. As a result, wage adjustments often occur at the branch level and may respond only gradually to changes in local labor-market conditions.

Collective bargaining is decentralized across public-sector branches. National government, municipalities, provinces, water authorities, police, the military and civilian branch of defense, all education sectors, and all branches within the health care sector are covered by different bargaining arrangements and wage schedules. This institutional fragmentation is relevant to our analysis because it may contribute to persistent differences in relative wages and retention patterns across branches. A more detailed comparison of Dutch bargaining institutions with those in other European countries is provided in Appendix A.

4. Data and Methods

4.1. Data and Sample Construction

We use rich administrative microdata from [Statistics Netherlands \(n.d.\)](#) covering the period of 2013–2022.¹² The data provide comprehensive information on wages and hours worked for each individual-job combination in the Netherlands. For each job spell, total earnings are defined as taxable labor income. This equals the earnings base used for payroll taxes and social-security contributions. Total hours worked are measured as the sum of regular and overtime hours.¹³ We use these variables to construct hourly wages.

The data further contain detailed individual and job characteristics. Personal characteristics include gender, migration background (first- or second-generation immigrant), educational categories (low, medium, high; see Appendix B),¹⁴ region of residence (labor market regions; see Appendix C),¹⁵ and age measured by year and month of birth. Job characteristics include contract type (temporary or permanent) and contractual hours per week (part-time factor)¹⁶.

We apply several sample restrictions. We exclude observations with hourly wages below the statutory minimum wage and observations with zero recorded hours.¹⁷ We further exclude workers above the age of 60 to avoid retirement-related exits.¹⁸ We also exclude individuals enrolled in Dutch educational institutions since they may have other sources of income such as student loans or student grants. Finally, we exclude workers with non-standard contracts that occur only in specific sectors in the Dutch economy.¹⁹

4.2. Sectoral Exit and Panel Structure

For the remaining observations, we construct a binary sectoral exit variable. This variable equals one when a public-service worker is no longer employed in the same public-sector branch one year later, and zero otherwise. The measure captures retention within the focal branch rather than retention in public employment as a whole. A worker who changes employer but remains in the same branch is not classified as an exit. By contrast, a worker who moves to another public-sector branch, moves to the private sector, or is no longer observed in employment is classified as having exited the focal branch.

The unit of analysis is the person-year. An individual may therefore contribute observations in multiple years. For each year t , sectoral exit is measured between t and $t + 1$, and matching is repeated using the worker and job characteristics observed in year t . The same individual may consequently be matched to different comparison workers in different years. After leaving a focal branch, a worker no longer contributes observations to that branch unless the worker later re-enters it. A worker who moves to another public-sector branch may subsequently enter the sample for that branch. Individuals may therefore contribute multiple one-year transitions over the observation period. The empirical framework should therefore be interpreted as a sequence of one-year transition models.

4.3. Public-Sector Branches

Using collective labor agreement codes and sector classifications, we distinguish three public-sector groups: (i) government bodies, (ii) law enforcement and defense, and (iii) education (see Table 1). Government bodies include national government and local government bodies (provinces, water management, and municipalities), and the healthcare sector.²⁰ Law enforcement and defense comprise police, the justice department, and both the civilian and military branches of defense.²¹ The education sector includes primary education, secondary education, vocational education and universities.²² An overview of summary statistics for these sectors is provided in Appendix D.

Table 1. Overview of main government sectors and their corresponding subcategories.

Main Category	Subcategories
Government bodies	National government, provinces, municipalities, water management, ^a healthcare
Law enforcement and defense	Police, justice department, military branch of defense, civilian branch of defense
Education	Primary education, secondary education, vocational training, ^b universities

^a In Dutch: Waterschappen. ^b In Dutch: MBO.

Summary statistics for these branches are reported in Appendix D. Among government bodies, healthcare is by far the most female-dominated branch, whereas water management has the highest share of male workers. The national government, provinces, municipalities, and water authorities all have predominantly highly educated workforces, with shares ranging from approximately 70% to 90%. This share is lower in healthcare, where just over half of workers are highly educated. Sectoral exit rates are relatively similar across most government bodies, at around 9–11%. In the healthcare sector, however, the exit rate is higher: approximately one in five workers leaves after one year.

Within law enforcement and defense, gender and educational composition vary strongly by branch. The police, military and civilian defense branches are predominantly male (over 60%), whereas the justice department has a much lower male share (34%). The justice department also has by far the highest share of highly educated workers (95%), while police and military personnel are more often medium educated. One-year exit rates are lowest in the justice department and the civilian branch of defense (both 6%). They are higher in the military branch (10%) and highest in the police (19%).

The education branches are all characterized by a high share of highly educated workers, although vocational education has a somewhat larger middle-educated group. Gender composition differs more clearly: primary education is strongly female-dominated (85%), while the shares of men are higher in secondary (40%), vocational (39%), and university education (46%). Exit rates are highest in primary and university education (both 20%) and lower in secondary education and vocational education (15% and 14%, respectively).

4.4. Matching Procedure and Balance

Propensity score matching is performed separately for each public-sector branch and year. Propensity scores are estimated using logistic regression based on the gender, year and month of birth, migration generation and origin, educational attainment, labor-market region, permanent-contract status, and weekly working-hours category. Each public-service worker is matched to one nearest-neighbor comparison worker employed outside the focal branch. Because the comparison group is defined relative to the focal branch, matched workers may be employed in another public-sector branch or in the private sector. Matching is conducted without replacement, so each comparison observation can be used only once.

Public-sector observations are matched in descending order of the estimated propensity score. No caliper or common-support restriction is imposed.

Tables A5–A7 in Appendix E report post-matching group means and standardized mean differences for the covariates included in the propensity score model. For most branches and characteristics, the absolute standardized mean differences are below 0.10, indicating a reasonably close balance on the observed characteristics. However, some remaining imbalances are present. These are most notably for educational attainment in the police branch and age in the university branch. These patterns partly reflect limitations in the underlying administrative data and the sector-specific measurement of education (see Section 4.5). Overall, the matched samples display a close balance on many observed characteristics.

The matched wage should not be interpreted as the workers' outside option or best alternative wage offer. Because the comparison pool includes workers employed in other public-sector branches as well as in the private sector, it represents a broader relative-wage benchmark among observationally similar workers employed outside the focal branch.

4.5. Limitations

The use of nearest-neighbor matching has several limitations. First, matching is restricted to observable characteristics. Our approach relies on a limited set of observable worker and job characteristics. The constructed wage differential therefore cannot be interpreted as an exact measure of the outside option available to a public-service worker. The nearest-neighbor matching yields an imperfect but informative proxy for relative earning opportunities among observationally similar workers facing comparable labor market conditions. However, unobserved job attributes and individual preferences (i.e., non-wage benefits, intrinsic motivation, etc.) may remain correlated with both wage differentials and sectoral exit behavior. To the extent that wage differentials are measured with error, this is likely to attenuate estimated relationships rather than generate spurious correlations.²³ Given the constraints of the available data, our approach offers an informative approximation of relative earnings among observationally similar workers employed outside the focal public-sector branch.

Second, not all background characteristics are observed consistently for all workers. Educational attainment is missing for some older cohorts and for immigrants who obtained their qualifications abroad. These individuals are excluded from the analysis. This restriction disproportionately affects university employees, who have a relatively high share of foreign-educated staff. For police personnel, educational attainment is difficult to classify because police training does not map directly onto the standard education categories used in the administrative data. Based on consultation with police representatives and documentation from Statistics Netherlands, we classify these workers as having a medium level of education. This classification should therefore be interpreted with caution.

Third, total earnings cannot be decomposed into base pay, bonuses, and severance payments. In particular, severance payments made at the time of separation may mechanically generate both higher observed earnings and a higher probability of sectoral exit.²⁴ This implies that positive associations between relative wages and probabilities of sectoral exit, especially at the upper end of the wage distribution, should be interpreted with caution. To assess the sensitivity of the results to unusually high wage observations, we re-estimate the models after excluding observations in the top 5% of the hourly wage distribution within each public-sector branch and year as a robustness check. This reduces the influence of extreme earnings observations.

4.6. Graphical Evidence

To examine how relative wages are associated with sectoral exit, we relate sectoral exit rates to wage differentials between public-service workers and their matched counterparts. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. We construct relative-wage measures as percentage differences in hourly wages and group these into eleven categories, ranging from wage gaps below -45% to above $+45\%$, with intermediate bins of 10 percentage points ($-45\% \leq w_{ijt} \leq -35\%$, $\dots$, $35\% \leq w_{ijt} \leq 45\%$). We use the same wage categories across all public-sector branches and present the results separately for the three broad groups (government bodies, law enforcement and defense, and education). If relative wages are systematically associated with sector exit, we would expect higher sectoral exit rates for negative wage differences and lower sectoral exit rates for positive wage differences. If exit rates do not vary with relative wages, we expect no differences in exit rates among wage categories. We show the results in Figures A3–A5 in Appendix F for (i) government bodies, (ii) law enforcement and defense, and (iii) education, respectively.

Figure A3 in Appendix F shows no uniform relationship between relative wages and sectoral exit across government bodies. Exit rates are largely flat for provinces and water management. Municipalities, the national government, and the healthcare sector display modestly higher exit rates at the extremes of the relative-wage distribution. The clearest pattern is found in healthcare, where exit rates decline substantially as relative wages increase from the lowest categories toward the center of the distribution. Beyond the middle categories, the relationship becomes relatively flat, with a small increase in the highest wage category.

For law enforcement and defense, Figure A4 in Appendix F reveals substantial differences across branches. Police and military personnel display a clear negative association between relative wages and sectoral exit. Sectoral exit rates are highest among workers in the lowest relative-wage categories and decline as relative wages increase. For justice-department employees, there is no clear pattern between exit rates and relative-wage categories. The same also holds for public-service workers in civilian defense, although exit rates rise among workers in the highest positive relative-wage category.

In the education sector, Figure A5 in Appendix F shows that sectoral exit rates decline sharply from the lowest relative-wage categories toward the middle of the distribution and increase only modestly at the upper end. Secondary education displays a broadly similar pattern. Vocational education exhibits a relatively flat pattern and an increase in exit rates among workers at the positive end of the relative-wage distribution. Among university employees, exit rates vary within a relatively narrow range. They decline modestly as relative wages increase.

Taken together, the descriptive figures do not suggest a single relationship between relative wages and sectoral exit across all public-sector branches. A negative association is most visible for police, military personnel, and healthcare. Civilian defense shows an increase at the upper end of the wage distribution. The justice department and water management show weaker and less systematic patterns. Because these figures report unadjusted means, the observed differences may partly reflect variation in worker and job characteristics across relative-wage categories. The regression analysis therefore examines whether these descriptive patterns remain after adjustment for observed characteristics and year effects.

5. Regression Analysis

We estimate the association between wage differentials and probabilities of sectoral exit using the following binary logistic regression:

$$\Pr(y_{i,t+1} = 1 | W_{it}, X_{it}, \lambda_t) = \Lambda \left(\alpha + \lambda_t + \sum_{j=1}^{j=10} \beta_j w_{ijt} + \beta_2 X_{it} \right) \quad (1)$$

In regression (1), α denotes the intercept and λ_t denotes a set of year fixed effects that absorb annual shocks common to workers within each branch.²⁵ The specification includes ten wage-category dummies w_{ijt} , as defined in Section 4.6. The wage category corresponding to a relative-wage gap between -5% and $+5\%$ serves as the reference group. The vector X_{it} contains individual and job characteristics. Individual controls include gender²⁶, migration background (native, Western immigrant, and non-Western immigrant), region of residence (North, East, South, and West), and education level (low, medium, and high educational attainment).²⁷ Controls for job characteristics include contract type (permanent or temporarily contract) and a categorical variable for weekly working-hours.²⁸

Our dependent variable $y_{i,t+1}$ is a binary indicator of sectoral exit. It equals one if a worker is no longer employed in the focal public-sector branch one year later and zero if the worker remains employed in that branch. The main variables of interest are the wage category dummies. These coefficients capture how sectoral exit probabilities vary with the worker's relative hourly wage compared to their matched counterpart. For negative wage differentials, a positive coefficient implies a higher likelihood of sectoral exit.²⁹ For positive wage differentials, a negative coefficient implies greater sectoral retention.³⁰ If wage differences are irrelevant for sectoral exit decisions, we would expect the wage-category coefficients to be statistically indistinguishable from the reference category.

We cluster standard errors at the individual level because workers may appear in the data in multiple years, creating serial correlation within individuals. The regressions are estimated separately by public-sector branch and include year fixed effects. These absorb annual shocks common to all workers within the branch.³¹

5.1. Regression Results

Figures 1–3 report average adjusted predicted probabilities of sectoral exit by relative-wage category for government bodies, law enforcement and defense, and education, respectively. The category in which the worker's wage differs by less than 5% from that of the matched comparison worker serves as the reference category and is highlighted in orange. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. Appendix G reports the corresponding logit coefficients. Appendix H presents subgroup regressions by gender, migration background, educational attainment, age, and contract type.

Figure 1 shows considerable variation across government branches. For national-government employees, public-service workers earning substantially less than their matched counterparts have predicted exit probabilities up to approximately 1 percentage point higher than workers in the equal-wage reference category. The highest relative-wage category also has a moderately higher predicted exit probability (0.5 percentage points), whereas most intermediate positive-wage categories do not differ meaningfully from the reference group. Subgroup estimates suggest that the positive association in the lower-wage categories is particularly apparent among native and highly educated workers. Municipalities show a clear downward gradient: predicted exit probabilities decline from the lowest relative-wage categories toward the positive-wage categories, although the highest category shows a slight increase in exit probabilities. Healthcare displays a pronounced U-shaped pattern. Exit probabilities are highest among workers with large negative wage gaps (21 percentage points), lowest near the middle of the distribution (19 percentage points), and increase again among workers with the largest positive wage advantages

(21 percentage points). Both provinces and water management show little systematic evidence that exit probabilities differ from the equal-wage group.

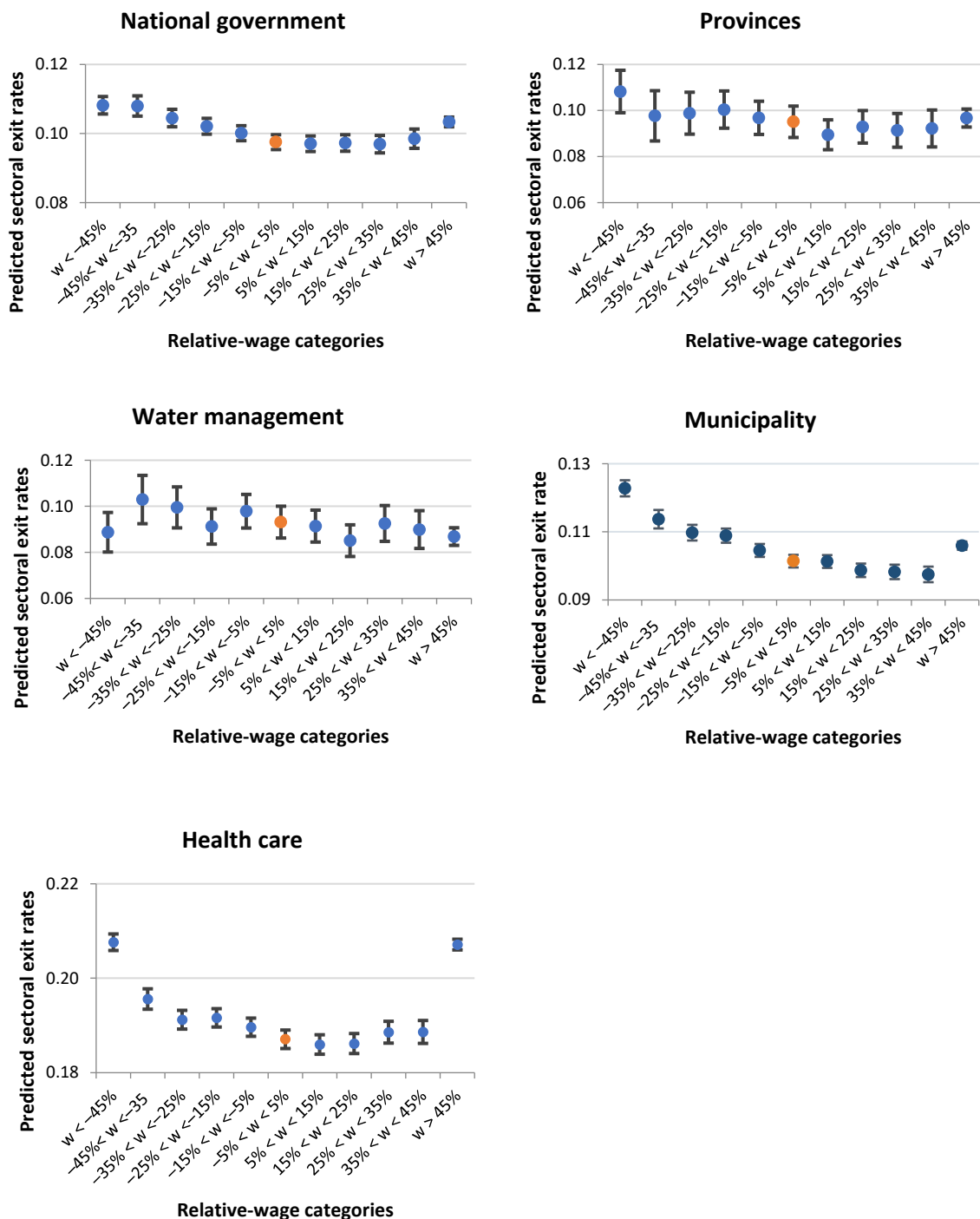


Figure 1. Average adjusted predicted probabilities of sectoral exit by relative-wage category for government bodies. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. Points show average adjusted predicted probabilities from branch-specific logistic regressions controlling for personal characteristics, job characteristics, and year fixed effects. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. The orange point denotes the omitted reference category, in which the worker's hourly wage differs by less than 5% from that of the matched comparison worker. Vertical-axis scales differ across panels to improve readability.

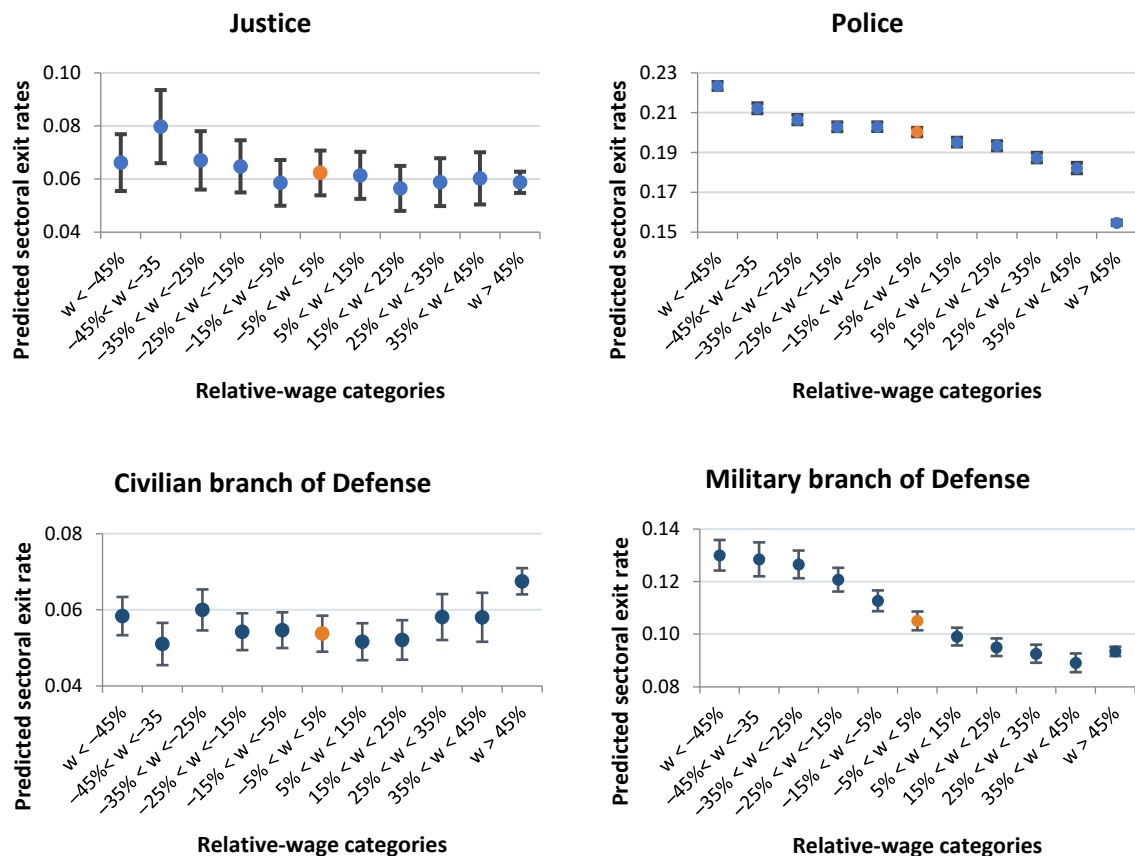


Figure 2. Average adjusted predicted probabilities of sectoral exit by relative-wage category for law enforcement and defense. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. Points show average adjusted predicted probabilities from branch-specific logistic regressions controlling for personal characteristics, job characteristics, and year fixed effects. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. The orange point denotes the omitted reference category, in which the worker's hourly wage differs by less than 5% from that of the matched comparison worker. Vertical-axis scales differ across panels to improve readability.

Figure 2 presents clearer evidence of wage-related retention patterns for law enforcement and defense. Among police employees, the predicted exit probability is approximately 22% in the lowest relative-wage category, compared with about 20% in the equal-wage group. It then declines across the positive relative-wage categories to approximately 15% in the highest category. Thus, relative to the reference group, substantial wage disadvantages are associated with exit probabilities up to about two percentage points higher. In addition, substantial wage advantages are associated with probabilities up to approximately 4.5 percentage points lower. A similar, though smaller, pattern is observed for military personnel: the predicted exit probability declines from about 13% in the lowest category to 10.5% in the reference category and approximately 9% in the highest categories. The police pattern is present among both men and women, while the military pattern appears more consistently among men. By contrast, the justice department and civilian defense show little systematic evidence of wage-related retention patterns. Predicted exit probabilities remain relatively close to the equal-wage reference probability across most wage categories. Most corresponding coefficients are statistically insignificant when compared to the equal-wage reference group.

Figure 3 shows that the education results differ from the negative relationship found for police and military personnel. In primary education, predicted exit probabilities are close to the reference category in several lower and middle wage categories (approximately

1 percentage point difference). They increase for positive relative-wage categories. Secondary education displays a similar pattern: negative wage categories do not differ greatly from the reference category, whereas exit probabilities rise in the higher positive-wage categories. Vocational education also shows higher exit probabilities at the upper end of the relative-wage distribution. For university employees, differences are relatively small across most categories, but exit probabilities increase in the highest positive-wage categories. The education results therefore suggest that higher relative wages are associated with higher sectoral exit probabilities.

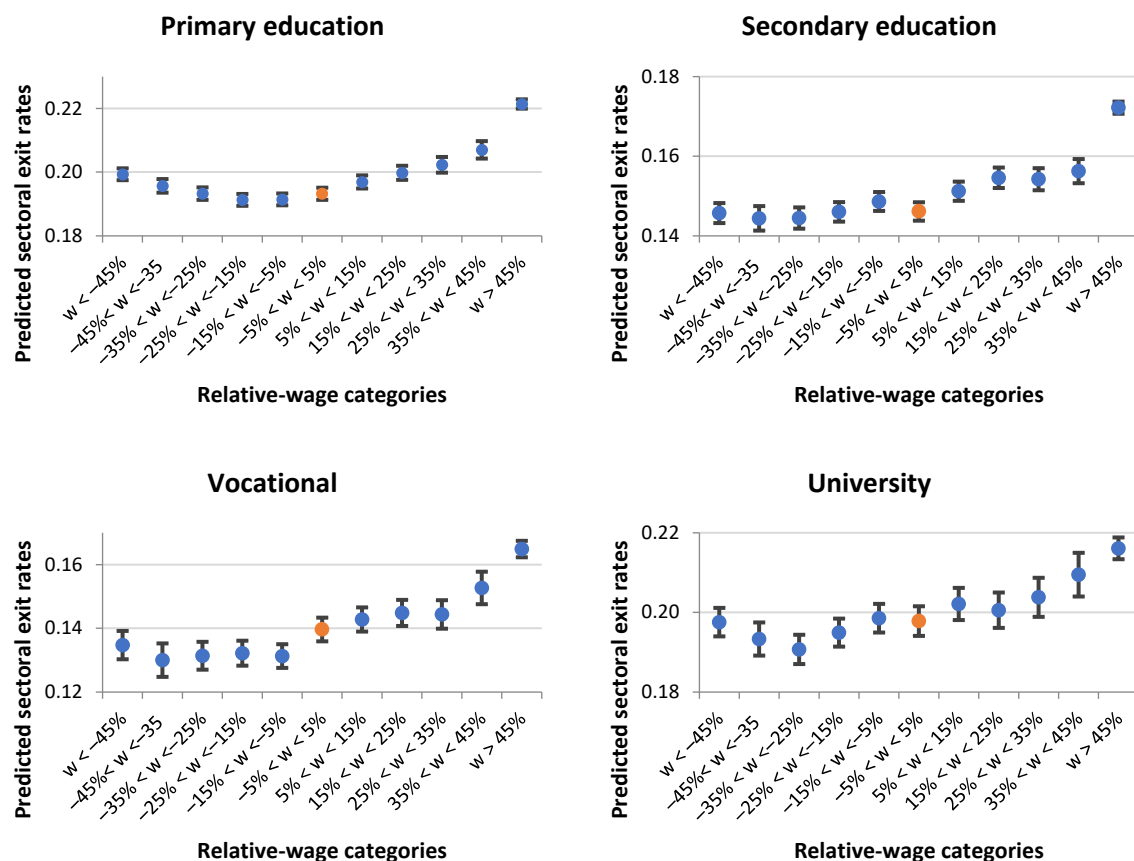


Figure 3. Average adjusted predicted probabilities of sectoral exit by relative-wage category for education. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. Points show average adjusted predicted probabilities from branch-specific logistic regressions controlling for personal characteristics, job characteristics, and year fixed effects. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. The orange point denotes the omitted reference category, in which the worker's hourly wage differs by less than 5% from that of the matched comparison worker. Vertical-axis scales differ across panels to improve readability.

The adjusted education results differ from the unadjusted patterns in the graphical evidence section. Stepwise specifications indicate that this change appears closely related to differences in observed workforce composition. Controlling for age lowers predicted exit probabilities among workers with substantial relative-wage disadvantages. Controlling for gender, contract status, and working hours raises predicted exit probabilities among workers with positive relative-wage gaps. After accounting for these characteristics, the initially high exit rates at the lower end become much less pronounced, while the positive association at the upper end becomes more visible.

Overall, evidence consistent with financial retention incentives is concentrated in the police and military branches and, to a lesser extent, among workers with relatively low wages in the national government, municipalities and healthcare. In many other branches, predicted

exit probabilities differ little from the equal-wage reference category or display non-linear patterns. The results therefore indicate that the association between relative wages and sectoral exit is strongly branch-specific rather than uniform across the public sector.

5.2. Robustness

We conduct three robustness checks. First, we re-estimate the main specification using a linear probability model to assess whether the results depend on the non-linear functional form of the logistic regression. Second, we replace the relative-wage categories with a continuous logarithmic wage-gap measure. This specification provides a parsimonious assessment of the average direction of the association and tests whether the findings are sensitive to the selected category boundaries. Third, we re-estimate the logistic regressions after excluding observations in the top 5% of the hourly-wage distribution within each branch-year, thereby reducing the influence of exceptionally high measured wages and potentially influential outliers.

The robustness checks broadly support the main conclusions. The linear probability estimates yield similar qualitative patterns to the main logit results. The continuous wage-gap specification confirms a clear negative association between relative wages and sectoral exit for police and military personnel. It also shows opposite average relationships in education. These branch-specific results are consistent with the non-linear patterns observed in the categorical specification. Last, excluding the highest 5% of hourly wages does not materially alter the central findings. This suggests that the results are not primarily attributable to extreme earnings observations. Full results are reported in Appendix I.

6. Discussion and Conclusions

This paper examines the association between relative wages and sectoral exit across Dutch public-sector branches. Using nearest-neighbor matching, we compare public-service workers with observationally similar workers employed outside the focal branch.

The results reveal considerable sectoral heterogeneity. Clear negative wage-retention gradients are concentrated in the police and military branches. More limited evidence of elevated exit among workers with relative-wage disadvantages is found in national government, municipalities, and healthcare. In addition, higher wages tend to be associated with greater retention in these three sectors. By contrast, the association is weak or absent in the justice department, water management, and provincial government.

Education constitutes the main exception. After adjustment for observed worker and job characteristics, sectoral exit probabilities tend to increase at the upper end of the relative-wage distribution, although the exact pattern differs across education branches. The contrast with the unadjusted results shows that workforce composition is important. Adjustment for age accounts for part of the high raw exit rates among relatively low-paid workers, while gender, contract status, and working hours contribute to the higher adjusted exit probabilities among relatively high-paid workers.

These findings have several sector-specific implications for public-sector workforce policy. In municipalities, healthcare, the police, and the military branch of defense, relative wages are more strongly associated with sectoral exit. Wage competitiveness may therefore warrant particular attention to the retention policies of these branches. However, the results do not show how workers would respond to specific wage adjustments.

Second, the weaker associations observed for provincial government, water management, and the justice department suggest that broad wage increases may be a less targeted retention instrument in these branches. Retention strategies may instead need to place greater emphasis on non-wage job attributes, although these mechanisms are not directly observed in the data used in this study.

Third, the education results caution against interpreting higher relative pay as sufficient for retention. The weak wage–exit associations suggest that wage competitiveness alone is unlikely to provide a complete account of retention in these branches. Further evidence on working conditions, career prospects, and other non-wage attributes would be needed to identify more appropriate policy instruments. In addition, because our outcome captures exit from the focal branch rather than from public employment as a whole, some observed transitions may reflect movement between education branches or to other public-sector employers. This is also a question for further research.

Overall, the findings support a differentiated rather than uniform retention strategy. Compensation appears to be a more relevant margin in some branches than in others. This sectoral variation is also relevant for the allocation of human capital, the functioning of public-sector wage-setting institutions, and the capacity of government organizations to sustain public-service quality.

Several limitations should be considered when interpreting the results. First, the empirical design does not provide exogenous variation in relative wages. Nearest-neighbor matching improves comparability on observed worker and job characteristics, but it cannot account for unobserved factors such as motivation and other non-wage attributes. In addition, reverse causality may arise if workers' compensation or non-wage attributes change in anticipation of exit. The estimates should therefore be interpreted as conditional associations rather than causal effects.

Second, the matched wage is an imperfect proxy for a worker's outside earning opportunities, and the administrative data contain limited information on non-wage job attributes. In addition, total earnings cannot be decomposed into base pay, bonuses, end-of-contract compensation, and severance payments. We therefore assess sensitivity to unusually high wage observations. However, this does not fully resolve the measurement issue. The data also do not distinguish voluntary from involuntary exits.

Finally, the outcome measures whether a worker leaves the focal branch within one year. Such exits may include moves to other parts of the public sector and therefore do not necessarily represent a loss from public employment as a whole. The analysis also does not model the timing of exit, re-entry, or repeated transitions. Duration or multi-state models could provide additional insight into these dynamics, but would not by themselves resolve the endogeneity of relative wages.

These limitations point to several promising directions for future research. Combining administrative data with survey information on job satisfaction, working conditions, and intrinsic motivation would allow for a more complete assessment of how monetary and non-monetary job attributes jointly shape exit decisions. Moreover, future studies could evaluate specific public-sector wage reforms or changes in collective agreements using difference-in-differences designs. Such designs could provide stronger causal evidence on the effect of relative pay on retention. Finally, duration and multi-state models could be used to examine the timing and destination of sectoral exits and to distinguish temporary from permanent exits. Distinguishing moves to other public-sector branches, the private sector, and non-employment would also clarify whether observed exits represent internal public-sector mobility or a net loss from public employment.

Author Contributions: Conceptualization, A.R. and J.v.K.; methodology, A.R. and J.v.K.; software, A.R.; validation, A.R. and J.v.K.; formal analysis, A.R.; investigation, A.R.; data curation, A.R.; writing—original draft preparation, A.R.; writing—review and editing, A.R. and J.v.K.; visualization, A.R.; supervision, A.R. and J.v.K.; project administration, J.v.K. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: Restrictions apply to the availability of these data. Data were obtained from Statistics Netherlands and are available at Microdata catalogue | CBS (<https://www.cbs.nl/en-gb/our-services/customised-services-microdata/microdata-conducting-your-own-research/microdata-catalogue>, accessed on 23 August 2026) with the permission of Statistics Netherlands.

Conflicts of Interest: The authors declare no conflicts of interest.

Appendix A. Institutional Framework

We compare the adjusted coverage rate, the union density rate, level of bargaining, and size of government intervention with other countries. In this manner, we are able to place the Dutch wage bargaining process in an international perspective.

The union coverage rate indicates the importance of collective labor agreements. Wage bargaining over labor contracts takes place at different levels in different countries. It can take place at the individual level (one worker and one employer), the organizational level (an organization representing wage earners and an employer), or the institutional level (organizations representing wage earners collectively and organizations representing employers collectively). In most OECD countries, a large proportion of wages is regulated by collective agreements. These agreements are the result of a bargaining process between labor unions and employers' organizations.

Figure A1 shows that the Netherlands has one of the highest collective-bargaining coverage rates despite having a relatively low union-density rate. This makes the Netherlands very similar to Spain. Denmark also has the same union coverage rate yet a higher union density rate. Germany, on the other hand, has roughly the same union density rate, but a lower union coverage rate.

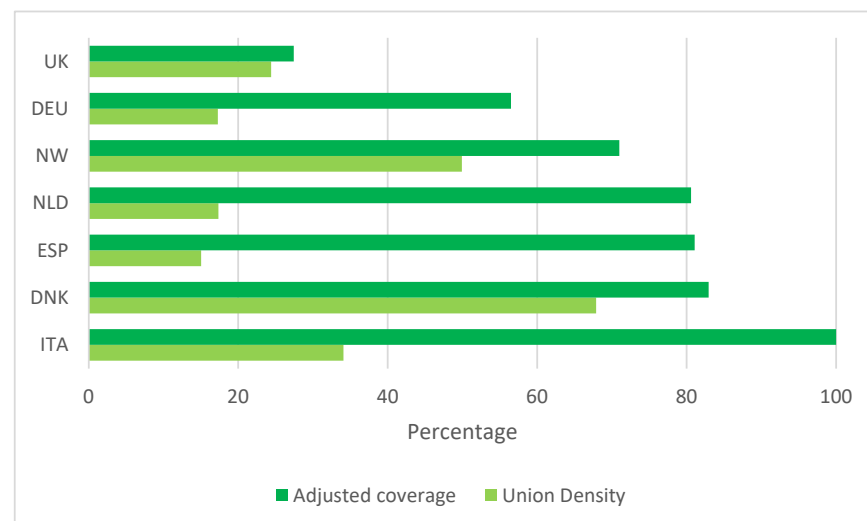


Figure A1. Average union density and adjusted collective-bargaining coverage, 2012–2019. Union density is measured as union members as a percentage of employees; adjusted coverage is measured as employees covered by a collective agreement as a percentage of eligible employees. Source: OECD (2023b).

Figure A2 shows that the level of wage bargaining is roughly similar to other European countries. In other words, a level of three indicates that bargaining takes place at the industry level (not the state or the firm). Therefore, there is limited involvement by centralized organizations and companies. This score is similar to those observed in other European

countries shown in Figure A2 (except the UK). The UK is characterized by fragmented wage bargaining, where most of the bargaining takes place at the company level.

In terms of government intervention, the Netherlands has a score of two. This signals that the government influences wage bargaining by providing an institutional framework of consultation and information exchange, by conditional agreement to extend private-sector agreements.³² Only the United Kingdom is less involved in the bargaining process, with a score of 1 (no government intervention).

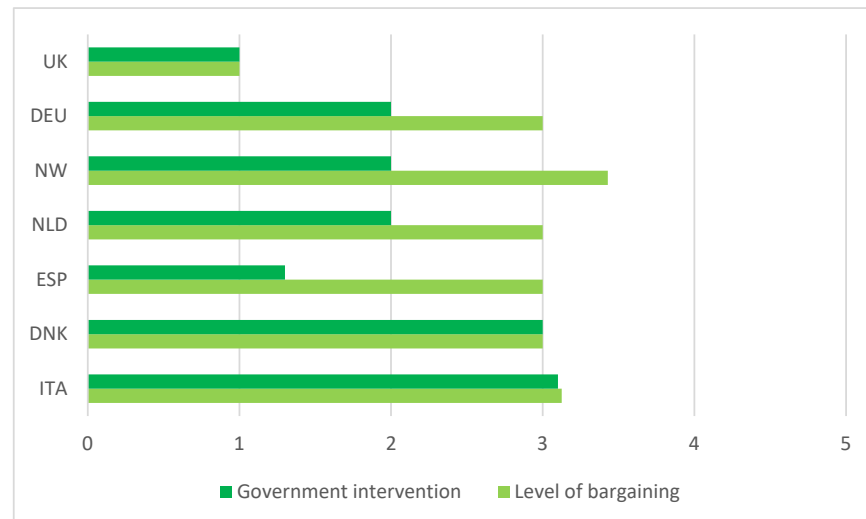


Figure A2. Average degree of government involvement with the wage bargaining process and the average degree of bargaining centralization for the years 2012–2019. A level of one means strong government intervention and a highly centralized level of bargaining. A level of five means no government intervention and a highly decentralized level of bargaining. Source: [OECD \(2023b\)](#).

All in all, the above figures indicate that the Dutch process of wage bargaining is characterized by a high adjusted coverage rate of collective agreements. This link is stronger than expected when analyzing the union density rate. In addition, wage bargaining mainly takes place at the industry level, with limited government intervention. This makes the Dutch wage-bargaining process similar to that of Spain, Denmark, and Germany.

Appendix B. Overview of Education Levels

This appendix provides an overview of the SOI education levels that we use in the matching procedure. For simplicity, we only focus on three education levels in the main text. These three education consist of several subcategories, which are indicated by the three following numbers. These subcategories are presented below. To describe these categories, we first present the Dutch name and the approximate translation in English, respectively.

1. Low education

- 1111 Basisonderwijs gr1–2/first two years of primary school;
- 1112 Basisonderwijs gr3–8/last six years of primary school;
- 1211 Praktijkonderwijs/practical training;
- 1212 vmbo basis of vmbo kader/lower secondary education;
- 1213 Mbo1/lower secondary education;
- 1221 vmbo-g/t/middle secondary education;
- 1222 Havo-, vwo-onderbouw/three years of higher secondary education.

2. Medium education

- 2111 Mbo 2/lower tertiary education;
- 2112 Mbo 3/lower tertiary education;

2121 Mbo 4/lower tertiary education;
 2131 Havo-Bovenbouw /last years of higher secondary education;
 2132 VWO-bovenbouw /last years of higher secondary education.

3. Higher education

3111 Hbo-associate degree/bachelor's degree;
 3112 Hbo-bachelor/bachelor's degree;
 3113 Wo-bachelor/bachelor's degree;
 3211 Hbo-master/master's degree;
 3212 Wo-master/master's degree;
 3213 Doctor/PhD degree.

Appendix C. Overview of Regions

Table A1 presents the total labor market regions used in the matching procedure.

Table A1. Overview of labor market regions.

Number of Region	Regional Number	Regional Name (Alphabetical Order)
1	AM09	Achterhoek
2	AM14	Amersfoort
3	AM23	Drechtsteden
4	AM03	Drenthe
5	AM11	Flevoland
6	AM38	FoodValley
7	AM02	Friesland
8	AM12	Gooi en Vechtstreek
9	AM35	Gorinchem
10	AM01	Groningen
11	AM18	GrootAmsterdam
12	AM21	Haaglanden
13	AM32	Helmond-De Peel
14	AM19	HollandRijnland
15	AM26	Midden-Brabant
16	AM07	Midden-Gelderland
17	AM20	Midden-Holland
18	AM33	Midden-Limburg
19	AM13	Midden-Utrecht
20	AM15	Noord-HollandNoord
21	AM29	Noord-Limburg
22	AM27	Noordoost-Brabant
23	AM36	RegioZwolle
24	AM08	RijkvanNijmegen
25	AM22	Rijnmond
26	AM10	Rivierenland
27	AM06	Stedendriehoek en Noordwest Veluwe
28	AM05	Twente
29	AM25	West-Brabant
30	AM17	Zaanstreek/Waterland
31	AM24	Zeeland
32	AM34	Zuid-Holland Centraal
33	AM37	Zuid-Kennemerland en IJmond
34	AM30	Zuid-Limburg
35	AM28	Zuidoost-Brabant

Appendix D. Summary Statistics

Table A2. Summary statistics for government bodies.

Government	(1)	(2)	(3)	(4)	(5)
	National	Provinces	Municipality	Water	Healthcare
% male	49%	52%	43%	65%	17%
Birth year (average)	1976	1974	1975	1975	1977
Birth month (average)	6	6	6	6	6
% permanent contract	84%	85%	84%	85%	71%

Table A2. Cont.

Government	(1)	(2)	(3)	(4)	(5)
	National	Provinces	Municipality	Water	Healthcare
Working hour categories (average)	5	5	5	5	4
% high education	79%	88%	76%	74%	56%
% medium education	19%	10%	20%	24%	39%
% low education	2%	2%	3%	2%	5%
% North Netherlands	9%	20%	11%	12%	12%
% East Netherlands	17%	21%	20%	25%	23%
% South Netherlands	12%	16%	19%	17%	21%
% West Netherlands	61%	43%	50%	47%	44%
% Native	78%	87%	81%	89%	84%
% Western migration background	9%	7%	7%	6%	7%
% non-Western migration background	13%	6%	12%	5%	9%
Average hourly wage	€33.51	€38.08	€30.91	€32.79	€25.21
Sectoral exit rate (%)	10%	10%	11%	9%	20%
Total number of observations	767,192	76,111	1,075,513	73,666	1,877,921

Table A3. Summary statistics for the law enforcement and defense sector.

Law Enforcement and Defense	(1)	(2)	(3)	(4)
	Law	Police	Defense (Civilian)	Defense (Military)
% male	34%	62%	68%	88%
Birth year (average)	1974	1974	1976	1986
Birth month (average)	6	6	6	6
% permanent contract	87%	87%	82%	49%
Working hour categories (average)	5	5	6	6
% high education	95%	28%	58%	36%
% medium education	4%	70%	38%	61%
% low education	1%	1%	4%	2%
% North Netherlands	8%	8%	6%	12%
% East Netherlands	18%	21%	19%	26%
% South Netherlands	16%	18%	16%	23%
% West Netherlands	58%	53%	59%	39%
% Native	81%	87%	83%	88%
% Western migration background	9%	7%	9%	7%
% non-Western migration background	9%	6%	8%	5%
Average hourly wage	€44.80	€26.85	€28.70	€25.21
Sectoral exit rate (%)	6%	19%	6%	10%
Total number of observations	37,899	76,111	92,281	288,546

Table A4. Summary statistics for the education sector.

Education	(1)	(2)	(3)	(4)
	Primary Education	Secondary Education	Vocational	University
% male	15%	40%	39%	46%
Birth year (average)	1978	1975	1974	1979
Birth month (average)	6	6	6	6
% permanent contract	73%	75%	74%	51%
Working hour categories (average)	4	4	4	5
% high education	92%	91%	85%	94%
% medium education	7%	8%	13%	5%
% low education	1%	2%	2%	1%
% North Netherlands	10%	12%	13%	9%
% East Netherlands	25%	24%	26%	21%
% South Netherlands	20%	18%	24%	16%
% West Netherlands	46%	47%	38%	54%
% Native	91%	85%	84%	76%
% Western migration background	5%	8%	7%	15%
% non-Western migration background	4%	6%	9%	9%
Average hourly wage	€26.61	€31.83	€30.78	€30.69
Sectoral exit rate (%)	20%	15%	14%	20%
Total number of observations	1,486,799	867,910	311,261	422,976

Appendix E. Matching Balance

Table A5. Propensity score matching results for government bodies.

Government	(1)			(2)			(3)		
	National government	Matched	Std. Mean Differences	Provinces	Matched	Std. Mean Differences	Municipality	Matched	Std. Mean Differences
% male	49%	52%	−0.048	52%	54%	−0.034	43%	46%	−0.049
Birth year (average)	1976	1975	0.081	1974	1974	0.042	1975	1974	0.083
Birth month (average)	6	6	−0.002	6	6	−0.013	6	6	−0.003
% permanent contract	84%	84%	0.003	85%	85%	−0.016	84%	85%	−0.016
Working hour categories (average)	5	5	0.004	5	5	0.023	5	5	0.016
% high education	79%	80%	−0.008	88%	88%	0.010	76%	74%	0.052
% medium education	19%	19%	0.004	10%	11%	−0.026	20%	23%	−0.064
% low education	2%	2%	0.012	2%	1%	0.045	3%	3%	0.023
% North Netherlands	9%	9%	0.012	20%	13%	0.169	11%	10%	0.015
% East Netherlands	17%	19%	−0.055	21%	20%	0.012	20%	21%	−0.014
% South Netherlands	12%	18%	−0.159	16%	19%	−0.080	19%	20%	−0.033
% West Netherlands	61%	54%	0.150	43%	47%	−0.073	50%	49%	0.029
% Native	78%	81%	−0.058	87%	87%	0.002	81%	83%	−0.034
% Western migration background	9%	9%	−0.023	7%	7%	0.004	7%	8%	−0.042
% non-Western migration background	13%	10%	0.094	6%	6%	−0.008	12%	9%	0.080
Government	(4)			(5)					
	Water management	Matched	Std. Mean Differences	Health Care	Matched	Std. Mean Differences			
% male	65%	66%	−0.021	17%	17%	0.000			
Birth year (average)	1975	1974	0.041	1977	1976	0.025			
Birth month (average)	6	6	−0.019	6	6	0.003			
% permanent contract	85%	85%	−0.027	71%	70%	0.008			
Working hour categories (average)	5	5	0.007	4	4	−0.025			
% high education	74%	71%	0.058	56%	59%	−0.062			
% medium education	24%	26%	−0.034	39%	33%	0.128			
% low education	2%	3%	−0.072	5%	8%	−0.122			
% North Netherlands	12%	11%	0.022	12%	10%	0.058			
% East Netherlands	25%	22%	0.049	23%	22%	0.033			
% South Netherlands	17%	20%	−0.071	21%	20%	0.013			
% West Netherlands	47%	47%	0.000	44%	48%	−0.074			
% Native	89%	89%	0.014	84%	83%	0.020			
% Western migration background	6%	6%	0.013	7%	8%	−0.027			
% non-Western migration background	5%	6%	−0.033	9%	9%	−0.002			

Table A6. Propensity score matching results for the law enforcement and defense sector.

Law Enforcement and Defense						
	(1)			(2)		
	Justice	Matched	Std. Mean Differences	Police	Matched	Std. Mean Differences
% male	34%	36%	−0.037	62%	63%	−0.026
Birth year (average)	1974	1973	0.099	1974	1973	0.023
Birth month (average)	6	6	−0.004	6	6	−0.009
% permanent contract	87%	88%	−0.029	87%	86%	0.034
Working hour categories (average)	5	5	0.004	5	5	0.042
% high education	95%	96%	−0.023	28%	37%	−0.191
% medium education	4%	4%	0.010	70%	53%	0.364
% low education	1%	0%	0.043	1%	10%	−0.371
% North Netherlands	8%	8%	−0.020	8%	10%	−0.040
% East Netherlands	18%	18%	0.002	21%	22%	−0.015
% South Netherlands	16%	19%	−0.060	18%	21%	−0.097
% West Netherlands	58%	55%	0.055	53%	47%	0.112
% Native	81%	83%	−0.036	87%	86%	0.037
% Western migration background	9%	10%	−0.002	7%	7%	0.007
% non-Western migration background	9%	8%	0.052	6%	8%	−0.057
Law Enforcement and Defense						
	(3)			(4)		
	Defense (Civilian)	Matched	Std. Mean Differences	Defense (Military)	Matched	Std. Mean Differences
% male	68%	70%	−0.023	88%	88%	−0.049
Birth year (average)	1976	1975	0.040	1986	1986	0.083
Birth month (average)	6	6	−0.006	6	6	−0.003
% permanent contract	82%	83%	−0.022	49%	50%	−0.016
Working hour categories (average)	6	6	0.021	6	6	0.016
% high education	58%	59%	−0.028	36%	38%	0.052
% medium education	38%	35%	0.064	61%	55%	−0.064
% low education	4%	6%	−0.080	2%	7%	0.023
% North Netherlands	6%	8%	−0.084	12%	11%	0.015
% East Netherlands	19%	20%	−0.017	26%	25%	−0.014
% South Netherlands	16%	19%	−0.069	23%	21%	−0.033
% West Netherlands	59%	54%	0.110	39%	42%	0.029
% Native	83%	85%	−0.057	88%	90%	−0.034
% Western migration background	9%	7%	0.075	7%	5%	−0.042
% non-Western migration background	8%	8%	0.002	5%	6%	0.080

Table A7. Propensity score matching results for the education sector.

Education	(1)			(2)		
	Primary Education	Matched	Std. Mean Differences	Secondary Education	Matched	Std. Mean Differences
% male	15%	14%	0.008	40%	41%	−0.027
Birth year (average)	1978	1977	0.108	1975	1974	0.103
Birth month (average)	6	6	−0.004	6	6	−0.007
% permanent contract	73%	74%	−0.032	75%	77%	−0.032
Working hour categories (average)	4	4	0.012	4	4	−0.055
% high education	92%	91%	0.051	91%	90%	0.027
% medium education	7%	8%	−0.065	8%	9%	−0.042
% low education	1%	1%	0.032	2%	1%	0.033
% North Netherlands	10%	10%	−0.002	12%	10%	0.040
% East Netherlands	25%	22%	0.066	24%	22%	0.048
% South Netherlands	20%	21%	−0.031	18%	20%	−0.056
% West Netherlands	46%	47%	−0.029	47%	48%	−0.022
% Native	91%	89%	0.062	85%	85%	0.014
% Western migration background	5%	6%	−0.038	8%	8%	0.010
% non-Western migration background	4%	6%	−0.047	6%	7%	−0.030
Education	(3)			(4)		
	Vocational	Matched	Std. Mean Differences	University	Matched	Std. Mean Differences
% male	39%	42%	−0.054	46%	46%	0.007
Birth year (average)	1974	1973	0.010	1979	1977	0.225
Birth month (average)	6	6	0.008	6	6	0.002
% permanent contract	74%	77%	−0.061	51%	49%	0.050
Working hours categories (average)	4	4	−0.061	5	5	0.040
% high education	85%	83%	0.077	94%	94%	0.000
% medium education	13%	16%	−0.084	5%	5%	0.000
% low education	2%	1%	0.010	1%	1%	0.000
% North Netherlands	13%	11%	0.066	9%	9%	−0.016
% East Netherlands	26%	23%	0.077	21%	20%	0.026
% South Netherlands	24%	22%	0.051	16%	17%	−0.030
% West Netherlands	38%	45%	−0.153	54%	54%	0.010
% Native	84%	84%	−0.003	76%	80%	−0.110
% Western migration background	7%	8%	−0.027	15%	11%	0.113
% non-Western migration background	9%	8%	0.030	9%	8%	0.026

Appendix F. Descriptive Figures

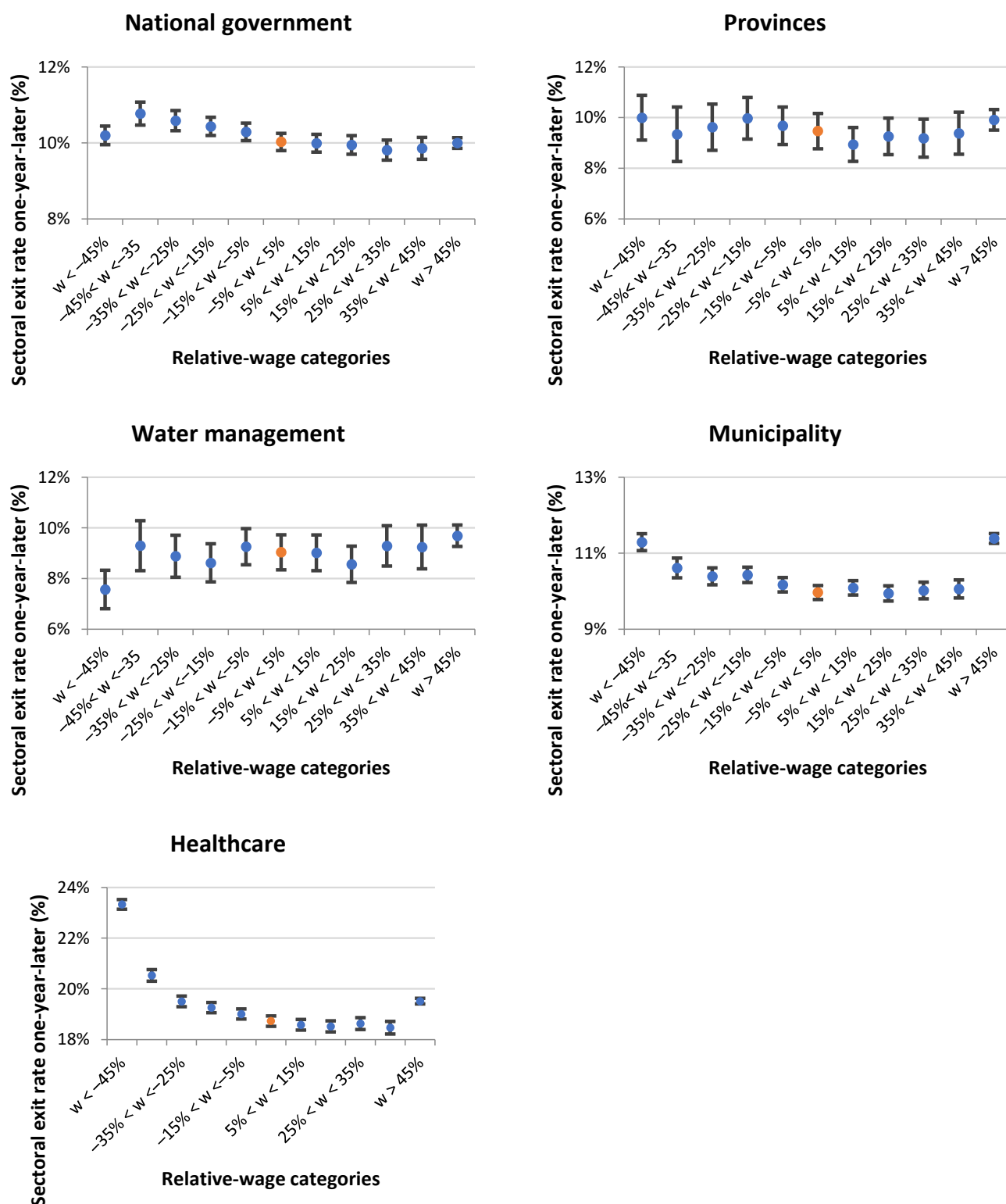


Figure A3. Unadjusted sectoral exit rates by relative-wage category for government bodies. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. Points show mean exit rates. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. The orange point denotes the reference category, in which the worker's hourly wage differs by less than 5% from that of the matched comparison worker. Vertical-axis scales differ across panels to improve readability.

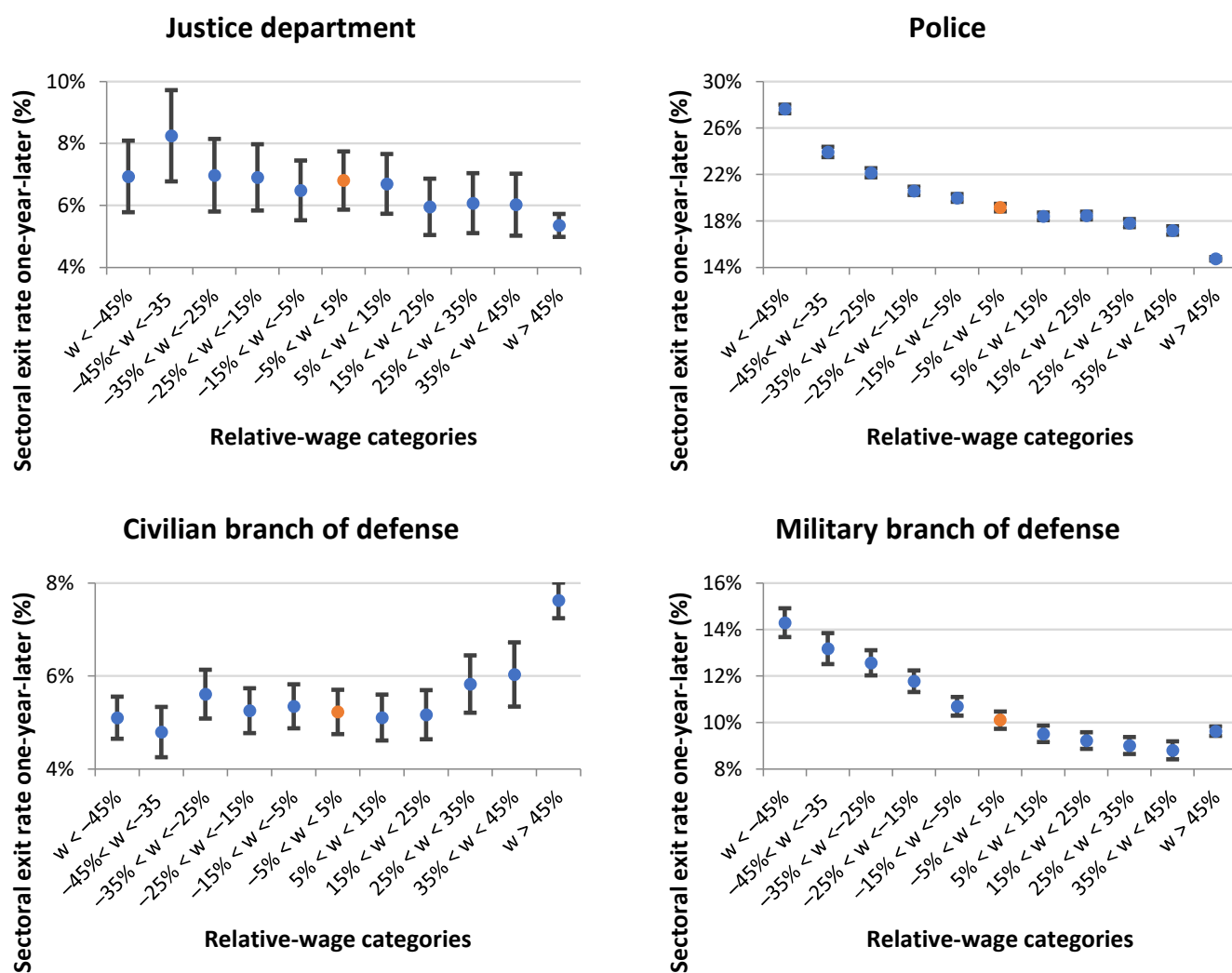


Figure A4. Unadjusted sectoral exit rates by relative-wage category for law enforcement and defense. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. Points show mean exit rates. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. The orange point denotes the reference category, in which the worker's hourly wage differs by less than 5% from that of the matched comparison worker. Vertical-axis scales differ across panels to improve readability.

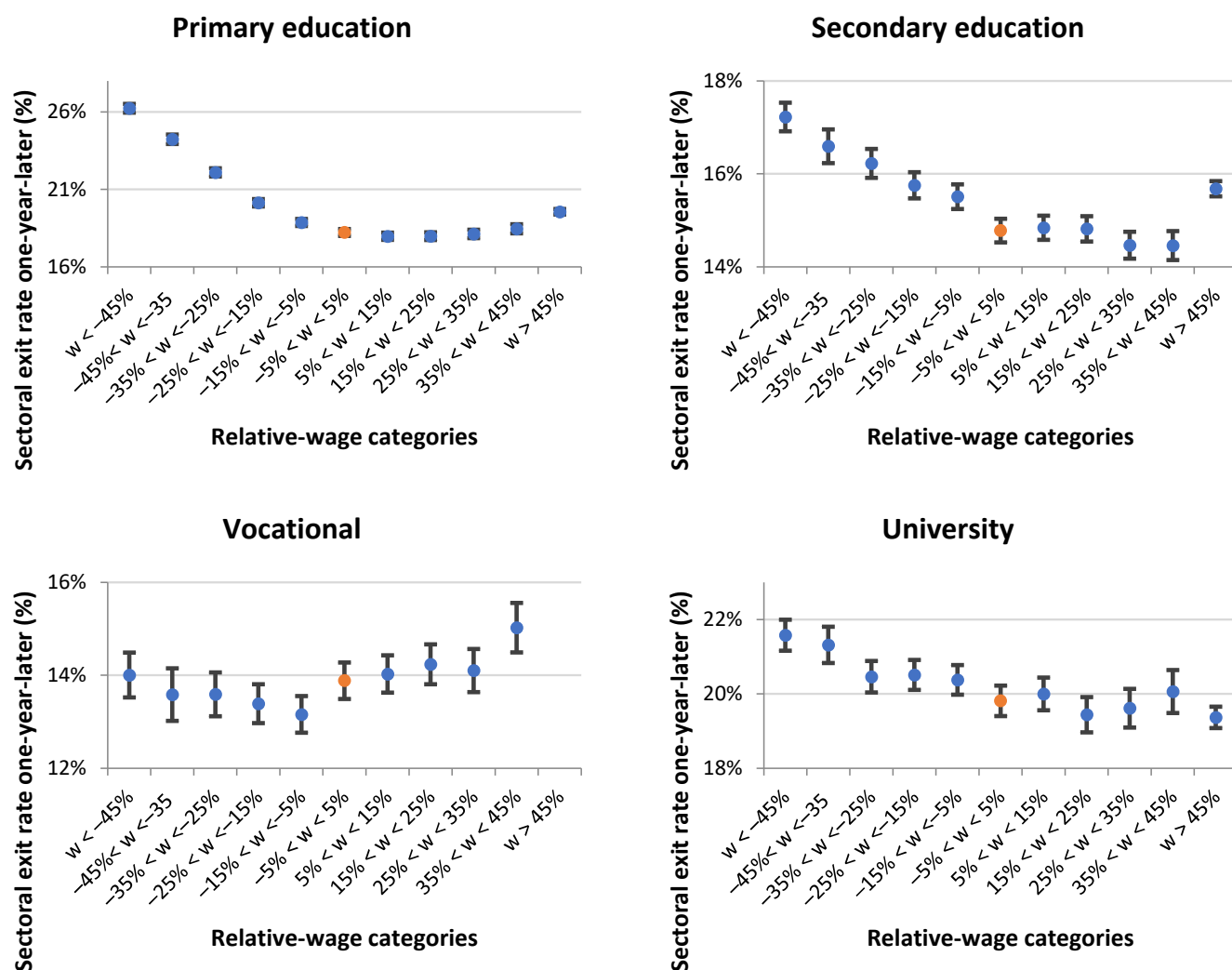


Figure A5. Unadjusted sectoral exit rates by relative-wage category for education sectors. Sectoral exit is defined as no longer being employed in the focal public-sector branch one year later. Points show mean exit rates. Error bars indicate 95% confidence intervals based on standard errors clustered at the individual level. The orange point denotes the reference category, in which the worker's hourly wage differs by less than 5% from that of the matched comparison worker. Vertical-axis scales differ across panels to improve readability.

Appendix G. Logistic Regression Tables

Table A8. Logit estimates of the association between relative-wage categories and one-year sectoral exit in government bodies. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. The regression controls for various background characteristics. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/Government Bodies	National		Provinces		Water Management		Municipalities		Healthcare	
	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value
$w < -45\%$	0.157 ***	0.002	0.149 **	0.023	−0.055	0.437	0.220 ***	0.000	0.137 ***	0.000
$-45\% \leq w < -35\%$	0.120 ***	0.000	0.031	0.689	0.116	0.119	0.131 ***	0.000	0.058 ***	0.000
$-35\% \leq w < -25\%$	0.118 ***	0.000	0.044	0.519	0.077	0.260	0.090 ***	0.000	0.028 ***	0.004

Table A8. Cont.

Dependent Variable/Government Bodies	National		Provinces		Water Management		Municipalities		Healthcare	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$-25\% \leq w < -15\%$	0.080 ***	0.000	0.062	0.325	−0.023	0.719	0.081 ***	0.000	0.031 ***	0.001
$-15\% \leq w < -5\%$	0.053 ***	0.004	0.020	0.734	0.057	0.351	0.035 **	0.020	0.018	0.068
$5\% \leq w < 15\%$	0.030 *	0.096	−0.070	0.239	−0.021	0.727	−0.001	0.936	−0.008	0.441
$15\% \leq w < 25\%$	−0.006	0.763	−0.027	0.661	−0.103	0.107	−0.030 **	0.050	−0.006	0.541
$25\% \leq w < 35\%$	−0.003	0.869	−0.045	0.465	−0.007	0.913	−0.036 **	0.027	0.010	0.330
$35\% \leq w < 45\%$	−0.007	0.725	−0.035	0.591	−0.040	0.555	−0.045 ***	0.009	0.011	0.334
$w \geq 45\%$	0.012	0.580	0.019	0.684	−0.080	0.113	0.050 ***	0.000	0.133 ***	0.000
Personal characteristics	YES		YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES		YES	
Number of observations	767,192		76,111		73,666		1,075,513		1,877,921	

Table A9. Logit estimates of the association between relative-wage categories and one-year sectoral exit in law enforcement and defense. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/Sector	Justice Department		Police		Defense (Military)		Defense (Civilian)	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.068	0.571	0.327 ***	0.000	0.278 ***	0.000	0.091	0.000 ***
$-45\% \leq w < -35\%$	0.277 **	0.028	0.168 ***	0.000	0.262 ***	0.000	−0.057	0.190
$-35\% \leq w < -25\%$	0.081	0.502	0.087 ***	0.000	0.242 ***	0.000	0.122	0.471
$-25\% \leq w < -15\%$	0.043	0.707	0.037	0.104	0.180 ***	0.000	0.010	0.085 *
$-15\% \leq w < -5\%$	−0.068	0.541	0.037 *	0.098	0.091 ***	0.005	0.019	0.883
$5\% \leq w < 15\%$	−0.016	0.884	−0.071 ***	0.002	−0.075 **	0.017	−0.045	0.785
$15\% \leq w < 25\%$	−0.108	0.336	−0.097 ***	0.000	−0.127 ***	0.000	−0.034	0.538
$25\% \leq w < 35\%$	−0.064	0.583	−0.179 ***	0.000	−0.160 ***	0.000	0.087	0.645
$35\% \leq w < 44\%$	−0.037	0.753	−0.252 ***	0.000	−0.209 ***	0.000	0.085	0.260
$w \geq 45\%$	−0.065	0.452	−0.631 ***	0.000	−0.148 ***	0.000	0.255	0.287
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	37,899		679,715		288,546		92,281	

Table A10. Logit estimates of the association between relative-wage categories and one-year sectoral exit in several education sectors. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level and * at the 10% level.

Dependent Variable/Sector	Primary Education		Secondary Education		Vocational		University	
	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value
$w < -45\%$	0.048 ***	0.000	−0.004	0.808	−0.045 ***	0.098	−0.002	0.922
$-45\% \leq w < -35\%$	0.020 *	0.084	−0.016	0.375	−0.090 ***	0.004	−0.033	0.113
$-35\% \leq w < -25\%$	0.001	0.961	−0.015	0.356	−0.077 ***	0.005	−0.052	0.008 ***
$-25\% \leq w < -15\%$	−0.015	0.155	−0.001	0.951	−0.069 ***	0.007	−0.021	0.271
$-15\% \leq w < -5\%$	−0.014	0.182	0.023	0.135	−0.078 ***	0.002	0.005	0.779
$5\% \leq w < 15\%$	0.029 ***	0.008	0.045 ***	0.003	0.028	0.243	0.031	0.124
$15\% \leq w < 25\%$	0.052 ***	0.000	0.075 ***	0.000	0.047 *	0.063	0.020	0.352
$25\% \leq w < 35\%$	0.071 ***	0.000	0.072 ***	0.000	0.042	0.109	0.043	0.055 *
$35\% \leq w < 44\%$	0.107 ***	0.000	0.089 ***	0.000	0.114 ***	0.000	0.082	0.000 ***
$w \geq 45\%$	0.213 ***	0.000	0.221 ***	0.000	0.215 ***	0.000	0.128	0.000 ***
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	1,486,799		867,910		311,261		422,976	

Appendix H. Subgroup Analysis

This appendix provides subgroup analysis that complements the findings in Section 5.1. We run regression (1) on subgroups for each government subcategory. The subgroup analyses are conducted by gender, migration background, education level, age group, and contract status.³³

Appendix H.1. National Government

Table A11. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the national government. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

National Government Dependent Variable/Subgroup	Gender				Migration Background			
	Male		Female		Native		Western	
	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value
$w < -45\%$	0.119 ***	0.000	0.119 ***	0.000	0.152 ***	0.000	0.088	0.149
$-45\% \leq w < -35\%$	0.118 ***	0.000	0.116 ***	0.000	0.152 ***	0.000	0.108	0.107
$-35\% \leq w < -25\%$	0.071 **	0.015	0.084 ***	0.001	0.110 ***	0.000	0.031	0.634
$-25\% \leq w < -15\%$	0.053 *	0.060	0.054 **	0.028	0.070 ***	0.001	0.024	0.702
$-15\% \leq w < -5\%$	0.043	0.114	0.022	0.361	0.038 *	0.067	0.095	0.129
$5\% \leq w < 15\%$	−0.005	0.844	−0.006	0.809	0.001	0.952	0.008	0.907
$15\% \leq w < 25\%$	0.017	0.541	−0.021	0.429	−0.002	0.923	0.020	0.761
$25\% \leq w < 35\%$	0.023	0.425	−0.038	0.171	−0.009	0.682	−0.013	0.856
$35\% \leq w < 45\%$	0.028	0.360	−0.007	0.819	0.013	0.585	−0.085	0.259

Table A11. Cont.

National Government		Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western		
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	
$w \geq 45\%$	0.073 ***	0.001	0.043 **	0.037	0.066 ***	0.000	0.072	0.166	
Personal characteristics	YES		YES		YES		YES		
Job characteristics	YES		YES		YES		YES		
Number of observations	377,268		389,924		601,429		66,415		
National government	Migration background				Education level				
Dependent variable/subgroup	Non-Western		Low		Middle		High		
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	
$w < -45\%$	0.032	0.477	0.288	0.101	0.128 ***	0.009	0.116 ***	0.000	
$-45\% \leq w < -35\%$	-0.002	0.964	-0.105	0.607	0.024	0.646	0.138 ***	0.000	
$-35\% \leq w < -25\%$	-0.022	0.638	0.295 *	0.075	0.135 ***	0.003	0.063 ***	0.003	
$-25\% \leq w < -15\%$	-0.014	0.774	0.101	0.532	0.072 ***	0.093	0.047 **	0.022	
$-15\% \leq w < -5\%$	-0.045	0.341	-0.063	0.697	0.026	0.536	0.032	0.119	
$5\% \leq w < 15\%$	-0.055	0.287	-0.049	0.762	0.001	0.983	-0.008	0.711	
$15\% \leq w < 25\%$	-0.019	0.715	-0.083	0.618	0.000	0.993	-0.002	0.911	
$25\% \leq w < 35\%$	0.017	0.770	0.044	0.799	-0.067	0.149	0.005	0.828	
$35\% \leq w < 45\%$	0.074	0.220	0.103	0.562	0.042	0.380	0.002	0.939	
$w \geq 45\%$	0.078	0.067	0.221 *	0.095	0.117	0.001	0.052 ***	0.002	
Personal characteristics	YES		YES		YES		YES		
Job characteristics	YES		YES		YES		YES		
Year dummies	YES		YES		YES		YES		
Number of observations	99,348		14,506		143,096		609,590		
National government					Age				
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55		
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	
$w < -45\%$	0.064	0.521	0.055 *	0.078	0.147	0.000	0.163 ***	0.000	
$-45\% \leq w < -35\%$	-0.039	0.716	0.113 ***	0.000	0.118	0.003	0.171 ***	0.000	
$-35\% \leq w < -25\%$	0.102	0.292	0.039	0.197	0.094 **	0.010	0.081 *	0.068	
$-25\% \leq w < -15\%$	0.074	0.425	0.017	0.564	0.054	0.125	0.085 **	0.042	
$-15\% \leq w < -5\%$	0.100	0.276	-0.011	0.688	0.051	0.139	0.058	0.163	
$5\% \leq w < 15\%$	0.043	0.654	-0.027	0.350	-0.005	0.892	0.003	0.940	
$15\% \leq w < 25\%$	-0.022	0.828	-0.020	0.491	-0.018	0.613	0.050	0.247	
$25\% \leq w < 35\%$	-0.091	0.397	-0.023	0.471	0.043	0.249	-0.022	0.627	
$35\% \leq w < 45\%$	0.140	0.200	-0.019	0.571	0.034	0.374	-0.008	0.867	
$w \geq 45\%$	0.084	0.341	-0.011	0.673	0.049 *	0.081	0.159 ***	0.000	
Personal characteristics	YES		YES		YES		YES		
Job characteristics	YES		YES		YES		YES		
Year dummies	YES		YES		YES		YES		
Number of observations	13,053		187,873		236,806		227,593		
National government	Age				Contract				
Dependent variable/subgroup	55-60		Permanent		Temporary				
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	
$w < -45\%$	0.267 ***	0.000	0.072 ***	0.001	0.137 ***	0.000			
$-45\% \leq w < -35\%$	0.076	0.333	0.127 ***	0.000	0.088 **	0.029			
$-35\% \leq w < -25\%$	0.222 ***	0.002	0.088 ***	0.000	0.050	0.170			
$-25\% \leq w < -15\%$	0.153 **	0.027	0.075 ***	0.001	0.013	0.706			
$-15\% \leq w < -5\%$	0.074	0.281	0.044 *	0.051	0.026	0.433			
$5\% \leq w < 15\%$	0.069	0.319	0.008	0.721	-0.012	0.715			
$15\% \leq w < 25\%$	0.044	0.542	0.012	0.596	-0.032	0.360			
$25\% \leq w < 35\%$	-0.019	0.801	0.022	0.367	-0.100 ***	0.008			
$35\% \leq w < 45\%$	0.122	0.110	0.019	0.457	-0.041	0.297			
$w \geq 45\%$	0.192 ***	0.001	0.055 ***	0.003	-0.119 ***	0.000			
Personal characteristics	YES		YES		YES		YES		
Job characteristics	YES		YES		YES		YES		
Year dummies	YES		YES		YES		YES		
Number of observations	101,867		625,895		10,561				

Appendix H.2. Provinces

Table A12. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the provinces. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Provinces	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.136	0.135	0.163 *	0.086	0.151 **	0.030	-0.081	0.779
$-45\% \leq w < -35\%$	0.134	0.195	-0.105	0.364	0.026	0.751	0.415	0.201
$-35\% \leq w < -25\%$	0.055	0.561	0.017	0.864	0.014	0.849	0.329	0.228
$-25\% \leq w < -15\%$	0.084	0.341	0.033	0.715	0.060	0.368	-0.187	0.503
$-15\% \leq w < -5\%$	0.050	0.549	-0.024	0.783	-0.019	0.767	0.060	0.812
$5\% \leq w < 15\%$	-0.165 *	0.053	0.007	0.935	-0.056	0.377	-0.153	0.523
$15\% \leq w < 25\%$	0.087	0.298	-0.155 *	0.079	-0.057	0.378	0.154	0.518
$25\% \leq w < 35\%$	0.017	0.849	-0.111	0.212	-0.045	0.496	0.061	0.808
$35\% \leq w < 45\%$	-0.055	0.552	-0.021	0.817	-0.072	0.306	0.336	0.185
$w \geq 45\%$	0.004	0.947	0.022	0.747	0.015	0.764	0.062	0.749
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	39,566		36,555		66,297		5354	
Provinces	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.298	0.290	Too few observations		0.039	0.889	0.152 **	0.025
$-45\% \leq w < -35\%$	-0.272	0.426			-0.404	0.256	0.050	0.530
$-35\% \leq w < -25\%$	0.243	0.361			0.145	0.560	0.030	0.668
$-25\% \leq w < -15\%$	0.319	0.196			0.164	0.455	0.050	0.450
$-15\% \leq w < -5\%$	0.501 **	0.028			-0.027	0.895	0.019	0.761
$5\% \leq w < 15\%$	-0.153	0.530			-0.046	0.819	-0.079	0.205
$15\% \leq w < 25\%$	0.212	0.360			0.108	0.589	-0.058	0.366
$25\% \leq w < 35\%$	-0.122	0.621			-0.104	0.620	-0.034	0.600
$35\% \leq w < 45\%$	0.113	0.662			0.013	0.954	-0.033	0.629
$w \geq 45\%$	0.076	0.687			-0.014	0.932	0.024	0.638
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	4460		1154		7972		66,985	

Table A12. Cont.

Provinces	Age							
Dependent variable/subgroup	Age < 25		25–35		35–45		45–55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.704	0.216	−0.092	0.508	0.326 ***	0.007	0.195	0.107
$-45\% \leq w < -35\%$	0.878	0.192	−0.098	0.501	−0.037	0.804	0.160	0.256
$-35\% \leq w < -25\%$	0.834	0.177	−0.107	0.386	0.199	0.113	0.077	0.559
$-25\% \leq w < -15\%$	0.691	0.187	−0.108	0.326	0.221 *	0.054	0.033	0.795
$-15\% \leq w < -5\%$	0.371	0.460	−0.097	0.349	0.085	0.450	0.106	0.365
$5\% \leq w < 15\%$	0.548	0.250	−0.148	0.133	−0.008	0.941	−0.049	0.683
$15\% \leq w < 25\%$	0.590	0.223	−0.186	0.077	0.104	0.349	−0.026	0.829
$25\% \leq w < 35\%$	−0.563	0.381	−0.262	0.017	0.103	0.358	0.073	0.549
$35\% \leq w < 45\%$	−0.140	0.834	−0.268	0.019	0.059	0.626	0.045	0.724
$w \geq 45\%$	0.398	0.377	−0.209	0.013	0.129	0.151	0.122	0.197
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	600		13,857		24,273		26,138	
Provinces	Age		Contract					
Dependent variable/subgroup	55–60		Permanent		Temporary			
	Coefficient	p-value	Coefficient		p-value	Coefficient		p-value
$w < -45\%$	0.154	0.425	0.049		0.509	0.223		0.161
$-45\% \leq w < -35\%$	0.151	0.536	0.011		0.898	−0.018		0.924
$-35\% \leq w < -25\%$	−0.098	0.667	0.043		0.581	−0.001		0.994
$-25\% \leq w < -15\%$	0.113	0.582	0.019		0.788	0.080		0.573
$-15\% \leq w < -5\%$	0.055	0.782	−0.022		0.753	0.125		0.333
$5\% \leq w < 15\%$	−0.104	0.604	−0.113		0.104	0.046		0.712
$15\% \leq w < 25\%$	0.121	0.541	−0.017		0.809	−0.056		0.664
$25\% \leq w < 35\%$	0.039	0.850	0.012		0.871	−0.181		0.177
$35\% \leq w < 45\%$	0.308	0.146	−0.038		0.614	−0.046		0.734
$w \geq 45\%$	0.142	0.370	0.008		0.889	−0.102		0.313
Personal characteristics	YES		YES		YES			
Job characteristics	YES		YES		YES			
Year dummies	YES		YES		YES			
Number of observations	11,243		63,124		9983			

Appendix H.3. Water Management

Table A13. Logit estimates of the association between relative-wage categories and one-year sectoral exit in water management. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. ** denotes significance at the 5% level, and * at the 10% level.

Water Management	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	−0.024	0.783	−0.089	0.506	−0.068	0.366	0.155	0.608
$-45\% \leq w < -35\%$	0.136	0.130	0.096	0.481	0.101	0.200	0.132	0.680

Table A13. Cont.

Water Management			Gender		Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$-35\% \leq w < -25\%$	0.116	0.166	0.023	0.847	0.087	0.223	-0.128	0.704
$-25\% \leq w < -15\%$	0.041	0.611	-0.144	0.196	-0.029	0.676	-0.101	0.720
$-15\% \leq w < -5\%$	0.088	0.249	0.013	0.904	0.043	0.515	0.482 **	0.044
$5\% \leq w < 15\%$	-0.019	0.804	-0.025	0.800	-0.020	0.759	0.159	0.517
$15\% \leq w < 25\%$	-0.131	0.112	-0.082	0.420	-0.106	0.120	-0.012	0.960
$25\% \leq w < 35\%$	0.041	0.625	-0.086	0.415	-0.024	0.733	-0.037	0.887
$35\% \leq w < 45\%$	-0.045	0.618	-0.058	0.587	-0.017	0.812	-0.205	0.445
$w \geq 45\%$	-0.045	0.492	-0.157 **	0.048	-0.081	0.134	-0.104	0.592
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	48,028		25,638		65,557		4424	
Water management	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	-0.019	0.953	Too few observations		0.296 *	0.073	-0.144 *	0.072
$-45\% \leq w < -35\%$	0.287	0.356			0.189	0.293	0.091	0.271
$-35\% \leq w < -25\%$	0.060	0.844			0.336 **	0.033	0.014	0.850
$-25\% \leq w < -15\%$	0.199	0.454			0.089	0.565	-0.047	0.515
$-15\% \leq w < -5\%$	-0.213	0.457			0.229	0.109	0.030	0.662
$5\% \leq w < 15\%$	-0.219	0.397			0.132	0.359	-0.049	0.475
$15\% \leq w < 25\%$	-0.182	0.486			0.140	0.339	-0.142 **	0.049
$25\% \leq w < 35\%$	0.206	0.421			0.198	0.184	-0.044	0.554
$35\% \leq w < 45\%$	-0.186	0.514			0.239	0.130	-0.083	0.281
$w \geq 45\%$	0.001	0.996			0.132	0.286	-0.118 **	0.034
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	3685		1375		17,797		54,494	
Water management			Age					
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.589	0.201	-0.098	0.522	-0.080	0.532	-0.037	0.779
$-45\% \leq w < -35\%$	0.160	0.723	0.222	0.148	0.056	0.674	0.126	0.363
$-35\% \leq w < -25\%$	0.304	0.518	0.102	0.435	-0.007	0.958	0.121	0.361
$-25\% \leq w < -15\%$	0.215	0.614	0.228 **	0.050	-0.046	0.691	-0.224 *	0.093
$-15\% \leq w < -5\%$	0.305	0.428	-0.029	0.807	0.135	0.209	-0.006	0.960
$5\% \leq w < 15\%$	0.004	0.993	-0.022	0.845	0.038	0.731	-0.092	0.457
$15\% \leq w < 25\%$	0.394	0.330	-0.105	0.362	-0.083	0.469	-0.145	0.259
$25\% \leq w < 35\%$	0.259	0.538	-0.087	0.473	-0.010	0.928	0.077	0.550
$35\% \leq w < 45\%$	-0.443	0.333	0.092	0.447	-0.067	0.583	-0.024	0.863
$w \geq 45\%$	0.045	0.896	-0.183 *	0.051	-0.060	0.495	-0.008	0.935
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	983		13,891		24,022		24,574	

Table A13. Cont.

Water management	Age		Contract			
Dependent variable/subgroup	55–60		Permanent		Temporary	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	−0.155	0.423	−0.115	0.152	0.023	0.892
$-45\% \leq w < -35\%$	−0.004	0.983	0.012	0.892	0.327 *	0.059
$-35\% \leq w < -25\%$	0.023	0.905	0.021	0.790	0.174	0.256
$-25\% \leq w < -15\%$	−0.313	0.134	−0.098	0.200	0.225 *	0.097
$-15\% \leq w < -5\%$	0.134	0.461	0.017	0.809	0.152	0.245
$5\% \leq w < 15\%$	−0.093	0.632	−0.045	0.538	0.088	0.482
$15\% \leq w < 25\%$	−0.263	0.206	−0.097	0.201	−0.109	0.399
$25\% \leq w < 35\%$	−0.076	0.715	0.072	0.339	−0.179	0.182
$35\% \leq w < 45\%$	−0.469 *	0.053	−0.005	0.946	−0.100	0.474
$w \geq 45\%$	−0.107	0.492	−0.028	0.632	−0.255 **	0.013
Personal characteristics	YES		YES		YES	
Job characteristics	YES		YES		YES	
Year dummies	YES		YES		YES	
Number of observations	10,196		60,667		9822	

Appendix H.4. Municipality

Table A14. Logit estimates of the association between relative-wage categories and one-year sectoral exit in municipalities. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Municipality	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.242 ***	0.000	0.205 ***	0.000	0.229 ***	0.000	0.220 ***	0.000
$-45\% \leq w < -35\%$	0.130 ***	0.000	0.132 ***	0.000	0.125 ***	0.000	0.142 **	0.037
$-35\% \leq w < -25\%$	0.078 ***	0.002	0.101 ***	0.000	0.088 ***	0.000	0.154 **	0.013
$-25\% \leq w < -15\%$	0.098 ***	0.000	0.069 ***	0.001	0.090 ***	0.000	0.154 **	0.010
$-15\% \leq w < -5\%$	0.040 *	0.084	0.033 *	0.093	0.030 *	0.068	0.130 **	0.027
$5\% \leq w < 15\%$	−0.015	0.515	0.007	0.707	0.000	0.980	0.108 *	0.070
$15\% \leq w < 25\%$	−0.019	0.424	−0.040 **	0.048	−0.030 *	0.078	0.100 *	0.099
$25\% \leq w < 35\%$	−0.027	0.275	−0.045 **	0.034	−0.041 **	0.022	0.101	0.107
$35\% \leq w < 45\%$	−0.064 **	0.014	−0.033	0.140	−0.052 ***	0.006	0.098	0.129
$w \geq 45\%$	0.039 ***	0.040	0.046 ***	0.005	0.054 ***	0.000	0.108 **	0.028
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	465,650		609,863		873,347		77,317	

Table A14. Cont.

Municipality	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.197 ***	0.000	0.266 ***	0.003	0.334 ***	0.000	0.198 ***	0.000
$-45\% \leq w < -35\%$	0.185 ***	0.000	0.199 **	0.038	0.212 ***	0.000	0.111 ***	0.000
$-35\% \leq w < -25\%$	0.087 *	0.061	0.182 **	0.036	0.149 ***	0.000	0.072 ***	0.000
$-25\% \leq w < -15\%$	−0.002	0.958	0.167 **	0.039	0.132 ***	0.000	0.064 ***	0.000
$-15\% \leq w < -5\%$	0.018	0.685	0.027	0.737	0.044	0.186	0.033 **	0.054
$5\% \leq w < 15\%$	−0.078 *	0.099	−0.102	0.198	0.000	0.999	0.003	0.873
$15\% \leq w < 25\%$	−0.108 **	0.026	−0.106	0.196	−0.009	0.784	−0.031 *	0.086
$25\% \leq w < 35\%$	−0.074	0.148	−0.156 *	0.076	−0.101 ***	0.005	−0.010	0.580
$35\% \leq w < 45\%$	−0.073	0.179	−0.196 **	0.034	−0.091 **	0.018	−0.023	0.232
$w \geq 45\%$	0.015	0.704	−0.145 **	0.030	−0.008	0.778	0.076 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	124,849		36,484		218,715		820,314	
Municipality	Age							
Dependent variable/subgroup	Age < 25		25–35		35–45		45–55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.082	0.437	0.177 ***	0.000	0.214 ***	0.000	0.234 ***	0.000
$-45\% \leq w < -35\%$	0.379 ***	0.000	0.141 ***	0.000	0.109 ***	0.001	0.121 ***	0.000
$-35\% \leq w < -25\%$	0.079	0.431	0.136 ***	0.000	0.057 **	0.048	0.095 ***	0.001
$-25\% \leq w < -15\%$	0.169 **	0.059	0.076 **	0.013	0.050 *	0.071	0.103 ***	0.000
$-15\% \leq w < -5\%$	0.025	0.777	0.077 ***	0.009	0.011	0.675	0.050 *	0.070
$5\% \leq w < 15\%$	−0.087	0.328	0.028	0.343	−0.019	0.473	0.008	0.783
$15\% \leq w < 25\%$	−0.014	0.879	−0.045	0.133	−0.044	0.108	−0.019	0.529
$25\% \leq w < 35\%$	−0.144	0.136	−0.036	0.254	−0.062 **	0.031	−0.021	0.495
$35\% \leq w < 45\%$	−0.229 **	0.032	−0.031	0.343	−0.031	0.291	−0.081 **	0.014
$w \geq 45\%$	−0.034	0.681	−0.004	0.873	0.034	0.117	0.080 **	0.001
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	17,169		217,986		343,996		342,378	
Municipality	Age				Contract			
Dependent variable/subgroup	55–60		Permanent		Temporary			
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value		
$w < -45\%$	0.267 ***	0.000	0.174 ***	0.000	0.286 ***	0.000		
$-45\% \leq w < -35\%$	0.148 ***	0.002	0.104 ***	0.000	0.152 ***	0.000		
$-35\% \leq w < -25\%$	0.086 *	0.055	0.066 ***	0.000	0.131 ***	0.001		
$-25\% \leq w < -15\%$	0.097 **	0.024	0.074 ***	0.000	0.051	0.147		
$-15\% \leq w < -5\%$	−0.029	0.497	0.024	0.151	0.073 **	0.029		
$5\% \leq w < 15\%$	−0.029	0.526	0.000	0.978	0.003	0.937		
$15\% \leq w < 25\%$	0.006	0.891	−0.024	0.181	−0.053	0.113		
$25\% \leq w < 35\%$	0.031	0.525	−0.017	0.370	−0.103 ***	0.003		
$35\% \leq w < 45\%$	0.007	0.887	−0.017	0.381	−0.131 ***	0.000		
$w \geq 45\%$	0.116 ***	0.002	0.105 ***	0.000	−0.133 ***	0.000		
Personal characteristics	YES		YES		YES			
Job characteristics	YES		YES		YES			
Year dummies	YES		YES		YES			
Number of observations	153,984		884,428		144,774			

Appendix H.5. Healthcare

Table A15. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the healthcare sector. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Healthcare	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.080 ***	0.000	0.142 ***	0.000	0.137 ***	0.000	0.157 ***	0.000
$-45\% \leq w < -35\%$	0.028	0.267	0.060 ***	0.000	0.064 ***	0.000	0.027	0.494
$-35\% \leq w < -25\%$	0.000	0.997	0.032 ***	0.002	0.017	0.113	0.099 **	0.010
$-25\% \leq w < -15\%$	0.033	0.166	0.030 ***	0.004	0.030 ***	0.004	0.023	0.537
$-15\% \leq w < -5\%$	0.021	0.381	0.017	0.109	0.012	0.262	0.042	0.267
$5\% \leq w < 15\%$	0.006	0.818	-0.010	0.359	-0.008	0.456	-0.027	0.486
$15\% \leq w < 25\%$	0.010	0.686	-0.009	0.434	-0.006	0.578	0.004	0.922
$25\% \leq w < 35\%$	-0.006	0.832	0.013	0.258	0.005	0.679	-0.006	0.880
$35\% \leq w < 45\%$	0.047 *	0.088	0.003	0.790	0.014	0.239	-0.022	0.607
$w \geq 45\%$	0.136 ***	0.000	0.130 ***	0.000	0.140 ***	0.000	0.099 ***	0.001
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	310,978		1,566,943		1,576,084		128,466	
Healthcare	Migration background		Education level					
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.120 ***	0.000	0.139 ***	0.000	0.112 ***	0.000	0.161 ***	0.000
$-45\% \leq w < -35\%$	0.031	0.314	0.088 **	0.023	0.039 **	0.011	0.073 ***	0.000
$-35\% \leq w < -25\%$	0.070 **	0.017	0.048	0.221	0.030 **	0.044	0.023 *	0.095
$-25\% \leq w < -15\%$	0.041	0.166	0.076 *	0.054	0.025 *	0.090	0.030 **	0.025
$-15\% \leq w < -5\%$	0.046	0.120	0.022	0.579	0.012	0.413	0.021	0.118
$5\% \leq w < 15\%$	0.012	0.684	-0.050	0.255	-0.011	0.480	0.001	0.942
$15\% \leq w < 25\%$	-0.008	0.797	-0.049	0.288	-0.032 *	0.047	0.019	0.181
$25\% \leq w < 35\%$	0.070 **	0.032	-0.034	0.486	-0.004	0.803	0.027 *	0.057
$35\% \leq w < 45\%$	0.013	0.709	-0.092 *	0.092	-0.010	0.569	0.035 **	0.017
$w \geq 45\%$	0.113 ***	0.000	0.226 ***	0.000	0.103 ***	0.000	0.152 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	173,371		96,368		735,683		1,045,870	
Healthcare	Age							
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.032	0.266	0.141 ***	0.000	0.109 ***	0.000	0.129 ***	0.000
$-45\% \leq w < -35\%$	0.025	0.450	0.070 ***	0.000	0.062 ***	0.004	0.026	0.220
$-35\% \leq w < -25\%$	-0.012	0.715	0.042 **	0.011	0.037 *	0.071	0.005	0.808
$-25\% \leq w < -15\%$	0.028	0.393	0.047 ***	0.003	0.012	0.540	0.002	0.932
$-15\% \leq w < -5\%$	-0.009	0.790	0.038 **	0.017	-0.005	0.821	0.016	0.438
$5\% \leq w < 15\%$	-0.011	0.739	-0.007	0.679	0.003	0.896	-0.026	0.234
$15\% \leq w < 25\%$	-0.085 **	0.018	0.002	0.914	0.022	0.314	-0.012	0.575
$25\% \leq w < 35\%$	-0.021	0.573	0.013	0.457	0.018	0.429	0.015	0.504
$35\% \leq w < 45\%$	-0.021	0.591	0.018	0.327	0.027	0.236	0.000	0.986
$w \geq 45\%$	0.136 ***	0.000	0.161 ***	0.000	0.117 ***	0.000	0.091 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	111,770		596,145		457,717		464,341	

Table A15. Cont.

Healthcare Dependent variable/subgroup	Age		Contract			
	55–60		Permanent		Temporary	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.171 ***	0.000	0.248 ***	0.000	0.031 **	0.025
$-45\% \leq w < -35\%$	0.035	0.245	0.105 ***	0.000	0.015	0.363
$-35\% \leq w < -25\%$	0.002	0.941	0.024 *	0.062	0.042 ***	0.007
$-25\% \leq w < -15\%$	0.054 *	0.064	0.035 ***	0.007	0.029 *	0.057
$-15\% \leq w < -5\%$	0.009	0.753	0.033 ***	0.009	0.008	0.617
$5\% \leq w < 15\%$	0.019	0.545	−0.008	0.537	0.005	0.752
$15\% \leq w < 25\%$	−0.005	0.873	0.000	0.986	0.011	0.506
$25\% \leq w < 35\%$	0.020	0.533	0.001	0.944	0.032 *	0.059
$35\% \leq w < 45\%$	0.012	0.722	−0.009	0.529	0.049 ***	0.005
$w \geq 45\%$	0.143 ***	0.000	0.071 ***	0.000	0.199 ***	0.000
Personal characteristics	YES		YES		YES	
Job characteristics	YES		YES		YES	
Year dummies	YES		YES		YES	
Number of observations	247,948		1,276,357		504,498	

Appendix H.6. Justice Department

Table A16. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the justice department. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Justice Department	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.347 *	0.099	-0.079	0.591	0.075	0.588	0.207	0.575
$-45\% \leq w < -35\%$	0.450 *	0.060	0.198	0.183	0.276 *	0.057	0.396	0.318
$-35\% \leq w < -25\%$	0.215	0.336	0.015	0.915	0.140	0.310	-0.094	0.806
$-25\% \leq w < -15\%$	0.159	0.459	-0.019	0.889	0.030	0.822	-0.298	0.418
$-15\% \leq w < -5\%$	0.116	0.588	-0.151	0.248	-0.149	0.248	-0.467	0.230
$5\% \leq w < 15\%$	0.306	0.112	-0.179	0.196	-0.026	0.839	-0.172	0.633
$15\% \leq w < 25\%$	-0.141	0.503	-0.098	0.461	-0.127	0.320	-0.300	0.427
$25\% \leq w < 35\%$	0.173	0.406	-0.181	0.199	-0.070	0.591	-0.359	0.365
$35\% \leq w < 45\%$	0.133	0.528	-0.128	0.383	0.008	0.951	-0.590	0.144
$w \geq 45\%$	0.115	0.467	-0.154	0.138	-0.056	0.561	-0.385	0.176
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	12,959		24,940		30,801		3582	
Justice department	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	-0.118	0.711	Too few observations		-0.060	0.928	0.021	0.862
$-45\% \leq w < -35\%$	0.198	0.579			0.030	0.967	0.241 *	0.062
$-35\% \leq w < -25\%$	-0.118	0.739			-1.004	0.193	0.093	0.454
$-25\% \leq w < -15\%$	0.376	0.230			0.957 **	0.028	-0.026	0.825
$-15\% \leq w < -5\%$	0.518 *	0.084			-0.093	0.848	-0.075	0.511
$5\% \leq w < 15\%$	0.105	0.745			0.800 *	0.065	-0.063	0.589

Table A16. Cont.

Justice department	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$15\% \leq w < 25\%$	0.181	0.563			0.284	0.543	−0.115	0.320
$25\% \leq w < 35\%$	0.124	0.723			0.627	0.175	−0.136	0.262
$35\% \leq w < 45\%$	0.013	0.971			0.294	0.577	−0.090	0.468
$w \geq 45\%$	0.155	0.555			1.081 ***	0.002	−0.153 *	0.085
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	3516		216		1664		36,019	
Justice department	Age							
Dependent variable/subgroup	Age < 25		25–35		35–45		45–55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	Too few observations		−0.051	0.824	−0.096	0.627	0.273	0.279
$-45\% \leq w < -35\%$			0.300	0.181	0.149	0.476	0.299	0.292
$-35\% \leq w < -25\%$			0.251	0.214	−0.030	0.881	−0.007	0.979
$-25\% \leq w < -15\%$			−0.135	0.504	0.119	0.524	0.281	0.255
$-15\% \leq w < -5\%$			−0.025	0.898	−0.083	0.653	0.057	0.818
$5\% \leq w < 15\%$			−0.047	0.808	−0.078	0.673	0.188	0.436
$15\% \leq w < 25\%$			0.023	0.907	−0.059	0.743	−0.225	0.397
$25\% \leq w < 35\%$			−0.005	0.981	−0.216	0.265	0.002	0.992
$35\% \leq w < 45\%$			−0.342	0.154	0.088	0.636	0.184	0.434
$w \geq 45\%$			0.123	0.446	−0.074	0.590	−0.134	0.482
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	201		5853		13,548		13,020	
Justice department	Age				Contract			
Dependent variable/subgroup	55–60		Permanent		Temporary			
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value		
$w < -45\%$	0.912 **	0.030	−0.034	0.806	0.194	0.436		
$-45\% \leq w < -35\%$	0.621	0.210	0.204	0.169	0.217	0.440		
$-35\% \leq w < -25\%$	0.386	0.422	0.042	0.767	−0.064	0.800		
$-25\% \leq w < -15\%$	0.047	0.919	0.038	0.776	−0.116	0.644		
$-15\% \leq w < -5\%$	−0.345	0.534	−0.053	0.687	−0.187	0.390		
$5\% \leq w < 15\%$	0.046	0.925	0.055	0.673	−0.213	0.340		
$15\% \leq w < 25\%$	−0.219	0.651	−0.151	0.259	−0.073	0.746		
$25\% \leq w < 35\%$	0.493	0.270	−0.169	0.226	0.065	0.779		
$35\% \leq w < 45\%$	−0.402	0.457	−0.084	0.546	−0.345	0.170		
$w \geq 45\%$	0.171	0.647	−0.251 **	0.014	0.054	0.754		
Personal characteristics	YES		YES		YES			
Job characteristics	YES		YES		YES			
Year dummies	YES		YES		YES			
Number of observations	5277		32,511		4232			

Appendix H.7. Police

Table A17. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the police force. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Police	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.284 ***	0.000	0.404 ***	0.000	0.327 ***	0.000	0.206 **	0.011
$-45\% \leq w < -35\%$	0.123 ***	0.000	0.248 ***	0.000	0.178 ***	0.000	-0.035	0.692
$-35\% \leq w < -25\%$	0.071 **	0.022	0.129 ***	0.000	0.103 ***	0.000	-0.141	0.120
$-25\% \leq w < -15\%$	0.032	0.291	0.055	0.114	0.048 **	0.048	-0.035	0.696
$-15\% \leq w < -5\%$	0.006	0.842	0.088 **	0.012	0.053 **	0.029	-0.210 **	0.018
$5\% \leq w < 15\%$	-0.061 **	0.038	-0.096 ***	0.007	-0.073 ***	0.002	-0.226 **	0.017
$15\% \leq w < 25\%$	-0.096 ***	0.001	-0.123 ***	0.001	-0.100 ***	0.000	-0.124	0.182
$25\% \leq w < 35\%$	-0.170 ***	0.000	-0.233 ***	0.000	-0.186 ***	0.000	-0.282 ***	0.003
$35\% \leq w < 45\%$	-0.276 ***	0.000	-0.248 ***	0.000	-0.262 ***	0.000	-0.315 ***	0.002
$w \geq 45\%$	-0.712 ***	0.000	-0.532 ***	0.000	-0.663 ***	0.000	-0.615 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	422,457		257,258		590,511		45,751	
Police	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.565 ***	0.000	0.165	0.308	0.279 ***	0.000	0.504 ***	0.000
$-45\% \leq w < -35\%$	0.357 ***	0.000	0.260	0.143	0.114 ***	0.000	0.345 ***	0.000
$-35\% \leq w < -25\%$	0.231 **	0.010	0.015	0.932	0.012	0.678	0.299 ***	0.000
$-25\% \leq w < -15\%$	0.026	0.774	0.224	0.161	0.002	0.951	0.145 ***	0.000
$-15\% \leq w < -5\%$	0.124	0.174	0.205	0.191	0.026	0.362	0.086	0.029
$5\% \leq w < 15\%$	0.116	0.212	0.035	0.829	-0.074 ***	0.007	-0.111 **	0.010
$15\% \leq w < 25\%$	-0.067	0.488	-0.199	0.226	-0.125 ***	0.000	-0.098 **	0.035
$25\% \leq w < 35\%$	0.014	0.884	-0.544 ***	0.002	-0.202 ***	0.000	-0.200 ***	0.000
$35\% \leq w < 45\%$	-0.116	0.271	-0.510 **	0.011	-0.304 ***	0.000	-0.213 ***	0.000
$w \geq 45\%$	-0.217 ***	0.005	-0.810 ***	0.000	-0.765 ***	0.000	-0.304 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	43,453		10,094		497,017		190,604	
Police	Age							
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.641 ***	0.000	0.438 ***	0.000	0.349 ***	0.000	0.182 ***	0.000
$-45\% \leq w < -35\%$	0.355 ***	0.000	0.232 ***	0.000	0.210 ***	0.000	0.099 **	0.045
$-35\% \leq w < -25\%$	0.098	0.327	0.213 ***	0.000	0.099 **	0.029	0.007	0.890
$-25\% \leq w < -15\%$	0.001	0.994	0.106 **	0.013	0.033	0.449	0.009	0.842
$-15\% \leq w < -5\%$	0.079	0.428	0.097 **	0.024	0.036	0.421	-0.009	0.833
$5\% \leq w < 15\%$	-0.114	0.315	-0.082 *	0.069	-0.026	0.563	-0.099 **	0.020
$15\% \leq w < 25\%$	-0.226 *	0.067	-0.088 *	0.060	-0.103 **	0.028	-0.141 ***	0.001
$25\% \leq w < 35\%$	-0.171	0.229	-0.212 ***	0.000	-0.126 ***	0.008	-0.279 ***	0.000
$35\% \leq w < 45\%$	-0.478 ***	0.005	-0.157 ***	0.004	-0.169 ***	0.001	-0.384 ***	0.000
$w \geq 45\%$	-0.228 *	0.085	-0.464 ***	0.000	-0.517 ***	0.000	-0.816 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	23,547		149,866		175,696		196,190	

Table A17. Cont.

Police	Age		Contract			
	55–60		Permanent		Temporary	
Dependent variable/subgroup	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.246 ***	0.000	0.269 ***	0.000	0.488 ***	0.000
$-45\% \leq w < -35\%$	0.153 **	0.028	0.139 ***	0.000	0.292 ***	0.000
$-35\% \leq w < -25\%$	0.077	0.227	0.060 **	0.020	0.215 ***	0.000
$-25\% \leq w < -15\%$	0.062	0.304	0.033	0.184	0.064	0.257
$-15\% \leq w < -5\%$	0.034	0.563	0.032	0.198	0.055	0.336
$5\% \leq w < 15\%$	−0.115 **	0.038	−0.089 ***	0.000	−0.017	0.780
$15\% \leq w < 25\%$	−0.102 *	0.067	−0.114 ***	0.000	−0.077	0.234
$25\% \leq w < 35\%$	−0.171 ***	0.002	−0.199 ***	0.000	−0.116 *	0.098
$35\% \leq w < 45\%$	−0.345 ***	0.000	−0.274 ***	0.000	−0.210 ***	0.007
$w \geq 45\%$	−0.795 ***	0.000	−0.697 ***	0.000	−0.166 ***	0.003
Personal characteristics	YES		YES		YES	
Job characteristics	YES		YES		YES	
Year dummies	YES		YES		YES	
Number of observations	134,416		582,293		83,146	

Appendix H.8. Military Branch of Defense

Table A18. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the military branch of defense. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Military Branch of Defense	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.245 ***	0.000	0.419 ***	0.000	0.258 ***	0.000	0.468 ***	0.000
$-45\% \leq w < -35\%$	0.279 ***	0.000	0.216 **	0.040	0.264 ***	0.000	0.148	0.289
$-35\% \leq w < -25\%$	0.240 ***	0.000	0.267 ***	0.008	0.259 ***	0.000	0.117	0.374
$-25\% \leq w < -15\%$	0.160 ***	0.000	0.298 ***	0.002	0.161 ***	0.000	0.346 ***	0.005
$-15\% \leq w < -5\%$	0.074 **	0.029	0.208 **	0.032	0.091 ***	0.008	0.190	0.121
$5\% \leq w < 15\%$	-0.098 ***	0.003	0.137	0.166	-0.094 ***	0.005	0.113	0.356
$15\% \leq w < 25\%$	-0.145 ***	0.000	-0.021	0.839	-0.154 ***	0.000	0.124	0.317
$25\% \leq w < 35\%$	-0.187 ***	0.000	0.091	0.390	-0.165 ***	0.000	-0.078	0.555
$35\% \leq w < 45\%$	-0.232 ***	0.000	0.013	0.906	-0.226 ***	0.000	-0.149	0.296
$w \geq 45\%$	-0.182 ***	0.000	0.131	0.106	-0.172 ***	0.000	-0.095	0.341
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	255,075		33,471		254,622		19,400	
Military branch of defense	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.350 **	0.011	-0.255	0.274	0.313 ***	0.000	0.275 ***	0.000
$-45\% \leq w < -35\%$	0.471 ***	0.001	-0.461 *	0.099	0.328 ***	0.000	0.218 ***	0.001
$-35\% \leq w < -25\%$	0.290 **	0.031	-0.284	0.263	0.347 ***	0.000	0.105 *	0.096
$-25\% \leq w < -15\%$	0.292 **	0.029	-0.218	0.343	0.232 ***	0.000	0.118 **	0.049
$-15\% \leq w < -5\%$	0.012	0.926	0.032	0.871	0.145 ***	0.000	-0.032	0.589
$5\% \leq w < 15\%$	0.005	0.969	-0.463 **	0.016	-0.056	0.135	-0.076	0.197

Table A18. Cont.

Military branch of defense	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$15\% \leq w < 25\%$	0.015	0.918	−0.440 **	0.019	−0.115 ***	0.003	−0.123 **	0.044
$25\% \leq w < 35\%$	−0.293 *	0.061	−0.544 ***	0.004	−0.151 ***	0.000	−0.134 **	0.034
$35\% \leq w < 45\%$	−0.031	0.843	−0.555 ***	0.003	−0.208 ***	0.000	−0.156 **	0.018
$w \geq 45\%$	0.112	0.325	−0.471 ***	0.001	−0.136 ***	0.000	−0.144 ***	0.002
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	14,524		6383		176,969		105,194	
Military branch of defense	Age							
Dependent variable/subgroup	Age < 25		25–35		35–45		45–55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.366 ***	0.000	0.281 ***	0.000	0.191 **	0.042	0.251	0.103
$-45\% \leq w < -35\%$	0.476 ***	0.000	0.230 ***	0.000	0.149	0.143	0.047	0.784
$-35\% \leq w < -25\%$	0.413 ***	0.000	0.172 ***	0.001	0.182 *	0.061	0.223	0.173
$-25\% \leq w < -15\%$	0.354 ***	0.000	0.121 **	0.011	0.154	0.100	−0.102	0.546
$-15\% \leq w < -5\%$	0.265 ***	0.000	0.027	0.547	−0.114	0.226	0.257	0.107
$5\% \leq w < 15\%$	−0.127 **	0.036	−0.070	0.100	−0.077	0.410	−0.003	0.986
$15\% \leq w < 25\%$	−0.239 ***	0.000	−0.137 ***	0.002	−0.002	0.986	0.106	0.506
$25\% \leq w < 35\%$	−0.282 ***	0.000	−0.171 ***	0.000	0.049	0.600	−0.105	0.545
$35\% \leq w < 45\%$	−0.364 ***	0.000	−0.187 ***	0.000	−0.031	0.755	0.199	0.233
$w \geq 45\%$	−0.225 ***	0.000	−0.203 ***	0.000	0.039	0.588	0.052	0.669
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	74,934		127,928		45,260		29,874	
Military branch of defense	Age				Contract			
Dependent variable/subgroup	55–60		Permanent		Temporary			
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value		
$w < -45\%$	0.060	0.755	0.254 ***	0.000	0.286 ***	0.000		
$-45\% \leq w < -35\%$	−0.030	0.896	0.195 ***	0.004	0.271 ***	0.000		
$-35\% \leq w < -25\%$	0.198	0.321	0.275 ***	0.000	0.204 ***	0.000		
$-25\% \leq w < -15\%$	−0.017	0.932	0.166 ***	0.004	0.173 ***	0.000		
$-15\% \leq w < -5\%$	0.192	0.297	0.073	0.193	0.089 **	0.023		
$5\% \leq w < 15\%$	0.213	0.255	−0.059	0.299	−0.084 **	0.026		
$15\% \leq w < 25\%$	0.044	0.816	−0.184 ***	0.002	−0.106 ***	0.005		
$25\% \leq w < 35\%$	0.177	0.339	−0.222 ***	0.000	−0.134 ***	0.000		
$35\% \leq w < 45\%$	−0.366 *	0.076	−0.254 ***	0.000	−0.182 ***	0.000		
$w \geq 45\%$	0.114	0.424	−0.168 ***	0.000	−0.161 ***	0.000		
Personal characteristics	YES		YES		YES			
Job characteristics	YES		YES		YES			
Year dummies	YES		YES		YES			
Number of observations	10,550		139,786		145,980			

Appendix H.9. Civilian Branch of Defense

Table A19. Logit estimates of the association between relative-wage categories and one-year sectoral exit in civilian branch of defense. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Civilian Branch of Defense			Gender		Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.110	0.192	0.091	0.477	0.087	0.258	0.030	0.899
$-45\% \leq w < -35\%$	-0.035	0.714	-0.100	0.482	-0.023	0.793	-0.281	0.322
$-35\% \leq w < -25\%$	0.072	0.413	0.258 **	0.036	0.087	0.267	0.274	0.248
$-25\% \leq w < -15\%$	-0.011	0.901	0.083	0.497	-0.020	0.798	0.307	0.185
$-15\% \leq w < -5\%$	0.004	0.963	0.068	0.565	0.003	0.969	0.044	0.859
$5\% \leq w < 15\%$	-0.094	0.299	0.033	0.788	-0.026	0.744	-0.304	0.296
$15\% \leq w < 25\%$	-0.006	0.946	-0.090	0.485	-0.047	0.569	0.016	0.952
$25\% \leq w < 35\%$	0.073	0.454	0.104	0.421	0.068	0.421	0.438 *	0.083
$35\% \leq w < 45\%$	0.094	0.357	0.081	0.542	0.061	0.491	0.238	0.365
$w \geq 45\%$	0.250 ***	0.001	0.243 **	0.012	0.255 ***	0.000	0.175	0.383
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	63,178		29,103		76,610		8429	
Civilian branch of defense	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.259	0.278	0.367	0.230	0.031	0.769	0.092	0.352
$-45\% \leq w < -35\%$	-0.114	0.683	-0.019	0.957	-0.023	0.840	-0.107	0.352
$-35\% \leq w < -25\%$	0.322	0.184	0.042	0.904	0.178 *	0.090	0.071	0.489
$-25\% \leq w < -15\%$	-0.008	0.975	-0.222	0.551	-0.074	0.493	0.093	0.338
$-15\% \leq w < -5\%$	0.199	0.412	-0.404	0.287	-0.003	0.976	0.072	0.454
$5\% \leq w < 15\%$	-0.040	0.878	0.116	0.748	-0.046	0.670	-0.057	0.572
$15\% \leq w < 25\%$	0.018	0.947	-0.027	0.941	0.004	0.970	-0.066	0.524
$25\% \leq w < 35\%$	-0.150	0.602	0.141	0.718	-0.126	0.318	0.224 **	0.028
$35\% \leq w < 45\%$	0.159	0.564	0.128	0.767	0.046	0.717	0.116	0.282
$w \geq 45\%$	0.336 *	0.094	0.368	0.231	0.170 *	0.074	0.291 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	7242		3792		35,186		53,303	
Civilian branch of defense	Age							
Dependent variable/subgroup	Age < 25		25–35		35–45		45–55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	-0.042	0.893	0.150	0.293	0.172	0.211	-0.055	0.692
$-45\% \leq w < -35\%$	0.060	0.862	0.141	0.348	-0.179	0.254	0.030	0.849
$-35\% \leq w < -25\%$	0.468	0.142	0.318 **	0.016	0.138	0.314	-0.181	0.249
$-25\% \leq w < -15\%$	0.057	0.867	0.014	0.915	0.119	0.373	0.016	0.912
$-15\% \leq w < -5\%$	-0.448	0.207	-0.021	0.872	0.174	0.183	0.052	0.716
$5\% \leq w < 15\%$	-0.387	0.282	-0.099	0.453	0.045	0.744	-0.017	0.909
$15\% \leq w < 25\%$	-0.157	0.672	0.071	0.587	-0.180	0.231	-0.027	0.863
$25\% \leq w < 35\%$	0.065	0.860	0.034	0.808	0.340 **	0.015	-0.160	0.380
$35\% \leq w < 45\%$	-0.448	0.319	0.117	0.406	0.106	0.487	-0.050	0.783
$w \geq 45\%$	0.086	0.781	0.162	0.130	0.288 **	0.010	0.425 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	1920		22,251		28,674		25,958	

Table A19. Cont.

Civilian branch of defense Dependent variable/subgroup	Age		Contract			
	55–60		Permanent		Temporary	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.085	0.606	0.046	0.570	0.120	0.400
$-45\% \leq w < -35\%$	−0.404 *	0.050	−0.142	0.134	0.062	0.678
$-35\% \leq w < -25\%$	0.030	0.865	0.044	0.605	0.209	0.137
$-25\% \leq w < -15\%$	−0.269	0.150	−0.091	0.285	0.165	0.221
$-15\% \leq w < -5\%$	−0.215	0.241	0.008	0.926	0.032	0.816
$5\% \leq w < 15\%$	−0.009	0.963	−0.043	0.618	−0.053	0.704
$15\% \leq w < 25\%$	−0.027	0.893	−0.069	0.439	0.022	0.880
$25\% \leq w < 35\%$	0.032	0.877	0.130	0.152	0.005	0.975
$35\% \leq w < 45\%$	0.316	0.120	0.101	0.295	0.074	0.625
$w \geq 45\%$	0.151	0.322	0.311 ***	0.000	0.189 *	0.084
Personal characteristics	YES		YES		YES	
Job characteristics	YES		YES		YES	
Year dummies	YES		YES		YES	
Number of observations	13,478		14,153		73,576	

Appendix H.10. Primary Education

Table A20. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the primary education sector. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Primary Education	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.037	0.179	0.042 ***	0.000	0.048 ***	0.000	0.087 *	0.068
$-45\% \leq w < -35\%$	0.034	0.269	0.012	0.320	0.022 *	0.064	0.047	0.363
$-35\% \leq w < -25\%$	0.035	0.231	-0.008	0.474	-0.006	0.595	0.085 *	0.083
$-25\% \leq w < -15\%$	0.006	0.825	-0.020	0.081	-0.013	0.249	-0.026	0.609
$-15\% \leq w < -5\%$	0.013	0.648	-0.018 *	0.100	-0.017	0.113	0.000	0.997
$5\% \leq w < 15\%$	0.116 ***	0.000	0.015	0.207	0.029 **	0.012	0.026	0.622
$15\% \leq w < 25\%$	0.056 **	0.059	0.051 ***	0.000	0.050 ***	0.000	0.081	0.124
$25\% \leq w < 35\%$	0.080 **	0.011	0.069 ***	0.000	0.070 ***	0.000	0.078	0.157
$35\% \leq w < 45\%$	0.127 ***	0.000	0.102 ***	0.000	0.111 ***	0.000	0.096 *	0.092
$w \geq 45\%$	0.206 ***	0.000	0.213 ***	0.000	0.213 ***	0.000	0.220 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	217,484		1,269,315		1,346,914		73,407	
Primary	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	-0.003	0.950	-0.037	0.768	-0.004	0.920	0.057 ***	0.000
$-45\% \leq w < -35\%$	-0.068	0.202	-0.112	0.393	-0.065	0.132	0.027 **	0.022
$-35\% \leq w < -25\%$	0.033	0.515	-0.081	0.500	-0.037	0.372	0.003	0.803

Table A20. Cont.

Primary	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$-25\% \leq w < -15\%$	-0.066	0.197	0.002	0.988	-0.016	0.701	-0.016	0.154
$-15\% \leq w < -5\%$	0.039	0.434	-0.091	0.411	-0.013	0.751	-0.014	0.197
$5\% \leq w < 15\%$	0.039	0.454	0.071	0.531	0.047	0.283	0.028 **	0.016
$15\% \leq w < 25\%$	0.051	0.345	-0.148	0.218	0.009	0.845	0.056 ***	0.000
$25\% \leq w < 35\%$	0.100 *	0.081	-0.050	0.708	0.031	0.527	0.074 ***	0.000
$35\% \leq w < 45\%$	0.048	0.439	0.094	0.478	0.124 **	0.017	0.106 ***	0.000
$w \geq 45\%$	0.225 ***	0.000	0.507 ***	0.000	0.433 ***	0.000	0.201 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	66,478		15,623		97,750		1,373,426	
Primary education	Age							
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.064 *	0.083	0.007	0.679	0.072 ***	0.001	0.048 *	0.054
$-45\% \leq w < -35\%$	-0.055	0.167	0.013	0.473	0.034	0.135	0.008	0.764
$-35\% \leq w < -25\%$	-0.005	0.906	-0.029 *	0.094	0.014	0.502	0.011	0.650
$-25\% \leq w < -15\%$	-0.077 *	0.055	-0.032 *	0.062	0.011	0.592	-0.011	0.663
$-15\% \leq w < -5\%$	-0.013	0.756	-0.016	0.344	-0.012	0.538	-0.019	0.419
$5\% \leq w < 15\%$	0.088 *	0.053	0.008	0.677	0.054 ***	0.008	0.013	0.608
$15\% \leq w < 25\%$	0.090 *	0.065	0.043 *	0.032	0.084 ***	0.000	0.048 *	0.058
$25\% \leq w < 35\%$	0.062	0.228	0.092 ***	0.000	0.078 ***	0.000	0.036	0.170
$35\% \leq w < 45\%$	0.040	0.485	0.122 ***	0.000	0.124 ***	0.000	0.088 ***	0.001
$w \geq 45\%$	0.213 ***	0.000	0.167 ***	0.000	0.208 ***	0.000	0.223 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	71,231		455,702		460,026		334,997	
Primary education	Contract							
Dependent variable/subgroup	55-60		Permanent		Temporary			
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value		
$w < -45\%$	-0.042	0.243	0.064 ***	0.000	0.075 ***	0.000		
$-45\% \leq w < -35\%$	-0.020	0.610	0.019	0.264	0.061 ***	0.000		
$-35\% \leq w < -25\%$	-0.029	0.422	-0.013	0.397	0.040 **	0.014		
$-25\% \leq w < -15\%$	-0.029	0.412	-0.013	0.382	-0.008	0.624		
$-15\% \leq w < -5\%$	-0.019	0.581	-0.016	0.281	-0.012	0.456		
$5\% \leq w < 15\%$	0.034	0.333	0.039 ***	0.008	-0.013	0.482		
$15\% \leq w < 25\%$	-0.022	0.537	0.060 ***	0.000	-0.005	0.776		
$25\% \leq w < 35\%$	0.068 *	0.072	0.089 ***	0.000	-0.006	0.779		
$35\% \leq w < 45\%$	0.067 *	0.084	0.118 ***	0.000	0.025	0.253		
$w \geq 45\%$	0.240 ***	0.000	0.238 ***	0.000	0.073 ***	0.000		
Personal characteristics	YES		YES		YES			
Job characteristics	YES		YES		YES			
Year dummies	YES		YES		YES			
Number of observations	164,843		1,026,224		360,347			

Appendix H.11. Secondary Education

Table A21. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the secondary education sector. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Secondary Education			Gender		Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	-0.018	0.509	0.007	0.736	-0.002	0.918	-0.032	0.567
$-45\% \leq w < -35\%$	-0.021	0.486	-0.011	0.616	-0.008	0.671	-0.041	0.511
$-35\% \leq w < -25\%$	-0.001	0.965	-0.021	0.315	-0.005	0.765	-0.059	0.312
$-25\% \leq w < -15\%$	-0.002	0.923	0.002	0.903	0.019	0.259	-0.042	0.450
$-15\% \leq w < -5\%$	0.000	0.999	0.035 *	0.066	0.030 *	0.064	0.006	0.914
$5\% \leq w < 15\%$	0.007	0.793	0.067 ***	0.000	0.052 ***	0.002	0.014	0.794
$15\% \leq w < 25\%$	0.055 **	0.030	0.087 ***	0.000	0.084 ***	0.000	0.017	0.756
$25\% \leq w < 35\%$	0.080 ***	0.002	0.066 ***	0.001	0.077 ***	0.000	0.109 *	0.056
$35\% \leq w < 45\%$	0.063 **	0.021	0.104 ***	0.000	0.084 ***	0.000	0.132 **	0.024
$w \geq 45\%$	0.208 ***	0.000	0.226 ***	0.000	0.232 ***	0.000	0.175 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	343,390		524,520		740,936		71,043	
Secondary education	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.001	0.989	-0.309	0.158	0.009	0.900	-0.010	0.559
$-45\% \leq w < -35\%$	-0.072	0.276	0.106	0.567	-0.017	0.801	-0.021	0.270
$-35\% \leq w < -25\%$	-0.077	0.198	-0.189	0.254	0.031	0.587	-0.018	0.304
$-25\% \leq w < -15\%$	-0.183 ***	0.002	-0.024	0.871	-0.009	0.865	0.000	0.981
$-15\% \leq w < -5\%$	-0.046	0.410	-0.199	0.166	0.027	0.594	0.025	0.119
$5\% \leq w < 15\%$	0.019	0.736	-0.096	0.489	0.139 ***	0.007	0.038 **	0.016
$15\% \leq w < 25\%$	0.037	0.510	-0.061	0.654	0.140 ***	0.008	0.070 ***	0.000
$25\% \leq w < 35\%$	-0.032	0.599	-0.073	0.613	0.063	0.268	0.073 ***	0.000
$35\% \leq w < 45\%$	0.102 *	0.098	-0.045	0.756	0.158 ***	0.007	0.086 ***	0.000
$w \geq 45\%$	0.160 ***	0.000	0.328 ***	0.003	0.426 ***	0.000	0.203 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	55,931		14,002		68,182		785,726	
Secondary education	Age							
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.186 **	0.010	-0.057 **	0.033	0.004	0.889	0.004	0.907
$-45\% \leq w < -35\%$	0.129	0.104	-0.051 *	0.088	-0.021	0.555	0.028	0.450
$-35\% \leq w < -25\%$	0.109	0.133	-0.059 **	0.031	0.000	0.988	0.000	0.996
$-25\% \leq w < -15\%$	0.206 ***	0.003	-0.020	0.434	-0.004	0.898	-0.008	0.813
$-15\% \leq w < -5\%$	0.037	0.595	0.023	0.356	0.006	0.842	0.035	0.264
$5\% \leq w < 15\%$	0.064	0.371	0.082 ***	0.001	0.024	0.412	0.040	0.205
$15\% \leq w < 25\%$	0.175 **	0.017	0.058 **	0.029	0.035	0.242	0.129 ***	0.000
$25\% \leq w < 35\%$	0.174 **	0.027	0.105 ***	0.000	0.012	0.714	0.086 **	0.010
$35\% \leq w < 45\%$	0.199 **	0.019	0.091 ***	0.003	0.038	0.246	0.138 ***	0.000
$w \geq 45\%$	0.350 ***	0.000	0.142 ***	0.000	0.191 ***	0.000	0.268 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	19,522		217,782		247,438		241,976	

Table A21. Cont.

Secondary education	Age		Contract			
	55–60		Permanent		Temporary	
Dependent variable/subgroup	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.069	0.154	0.087 ***	0.000	−0.094 ***	0.000
$-45\% \leq w < -35\%$	−0.041	0.468	0.112 ***	0.000	−0.130 ***	0.000
$-35\% \leq w < -25\%$	0.022	0.652	0.072 ***	0.002	−0.087 ***	0.000
$-25\% \leq w < -15\%$	−0.022	0.639	0.058 ***	0.007	−0.060 **	0.012
$-15\% \leq w < -5\%$	0.019	0.681	0.046 **	0.029	−0.005	0.839
$5\% \leq w < 15\%$	−0.020	0.661	0.013	0.521	0.078 ***	0.001
$15\% \leq w < 25\%$	0.053	0.240	0.047 **	0.028	0.087 ***	0.000
$25\% \leq w < 35\%$	0.057	0.215	0.043 **	0.049	0.072 ***	0.006
$35\% \leq w < 45\%$	0.065	0.184	0.029	0.215	0.118 ***	0.000
$w \geq 45\%$	0.302 ***	0.000	0.178 ***	0.000	0.206 ***	0.000
Personal characteristics	YES		YES		YES	
Job characteristics	YES		YES		YES	
Year dummies	YES		YES		YES	
Number of observations	141,192		622,694		179,966	

Appendix H.12. Vocational

Table A22. Logit estimates of the association between relative-wage categories and one-year sectoral exit in the vocational education sector. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *P*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Vocational	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	-0.018	0.689	-0.059 *	0.091	-0.058 *	0.055	-0.060	0.550
$-45\% \leq w < -35\%$	-0.115 **	0.027	-0.075 *	0.054	-0.085 **	0.013	-0.215 *	0.060
$-35\% \leq w < -25\%$	-0.095 **	0.037	-0.064 *	0.063	-0.069	0.021	-0.218 **	0.036
$-25\% \leq w < -15\%$	-0.114 ***	0.007	-0.042	0.188	-0.068 **	0.016	-0.003	0.975
$-15\% \leq w < -5\%$	-0.076 *	0.063	-0.076 **	0.016	-0.084 ***	0.002	-0.059	0.520
$5\% \leq w < 15\%$	0.000	0.997	0.042	0.169	0.024	0.370	0.009	0.918
$15\% \leq w < 25\%$	-0.026	0.529	0.088 ***	0.006	0.042	0.130	0.100	0.273
$25\% \leq w < 35\%$	0.002	0.972	0.067 **	0.046	0.049 *	0.092	0.097	0.320
$35\% \leq w < 45\%$	0.064	0.155	0.142 ***	0.000	0.113 ***	0.000	0.065	0.537
$w \geq 45\%$	0.210 ***	0.000	0.209 ***	0.000	0.214 ***	0.000	0.227 ***	0.003
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	122,663		188,598		260,869		22,696	
Vocational	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.055	0.515	-0.788	0.117	-0.040	0.664	-0.050 *	0.082
$-45\% \leq w < -35\%$	-0.048	0.619	0.206	0.553	-0.152	0.119	-0.090 ***	0.006
$-35\% \leq w < -25\%$	-0.041	0.635	0.160	0.578	-0.082	0.307	-0.081 ***	0.005
$-25\% \leq w < -15\%$	-0.125	0.133	-0.029	0.916	-0.116	0.111	-0.064 **	0.020
$-15\% \leq w < -5\%$	-0.045	0.567	0.314	0.204	-0.088	0.219	-0.082 ***	0.002

Table A22. Cont.

Vocational	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$5\% \leq w < 15\%$	0.082	0.287	0.356	0.127	0.116 *	0.082	0.010	0.700
$15\% \leq w < 25\%$	0.042	0.596	−0.136	0.599	0.188 ***	0.006	0.026	0.333
$25\% \leq w < 35\%$	−0.061	0.489	0.319	0.203	0.149 **	0.043	0.022	0.439
$35\% \leq w < 45\%$	0.172 *	0.055	0.465 *	0.068	0.143 *	0.066	0.105 ***	0.000
$w \geq 45\%$	0.221 ***	0.001	0.433 **	0.031	0.342 ***	0.000	0.194 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	27,696		5002		40,267		265,992	
Vocational	Age							
Dependent variable/subgroup	Age < 25		25–35		35–45		45–55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.129	0.446	0.021	0.714	−0.114 **	0.030	0.005	0.925
$-45\% \leq w < -35\%$	0.125	0.497	−0.102	0.102	−0.038	0.515	−0.088	0.119
$-35\% \leq w < -25\%$	−0.094	0.545	−0.063	0.239	−0.066	0.213	−0.054	0.288
$-25\% \leq w < -15\%$	−0.202	0.182	−0.057	0.248	−0.042	0.395	−0.009	0.858
$-15\% \leq w < -5\%$	−0.072	0.625	−0.044	0.344	−0.052	0.283	−0.074	0.127
$5\% \leq w < 15\%$	0.408 ***	0.004	0.043	0.336	0.013	0.780	0.080 *	0.093
$15\% \leq w < 25\%$	0.084	0.576	0.060	0.193	0.041	0.406	0.137 ***	0.005
$25\% \leq w < 35\%$	0.249	0.112	0.050	0.310	0.098 *	0.054	−0.011	0.834
$35\% \leq w < 45\%$	0.025	0.888	0.089 *	0.084	0.199 ***	0.000	0.154 ***	0.005
$w \geq 45\%$	0.344 ***	0.008	0.185 ***	0.000	0.240 ***	0.000	0.263 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	4439		64,930		84,108		96,189	
Vocational	Age				Contract			
Dependent variable/subgroup	55–60		Permanent		Temporary			
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value		
$w < -45\%$	−0.100	0.153	−0.011	0.758	−0.147 ***	0.000		
$-45\% \leq w < -35\%$	−0.181 **	0.026	−0.041	0.336	−0.181 ***	0.000		
$-35\% \leq w < -25\%$	−0.143 **	0.043	−0.082 **	0.030	−0.105 **	0.011		
$-25\% \leq w < -15\%$	−0.218 ***	0.001	−0.082 **	0.021	−0.093 **	0.017		
$-15\% \leq w < -5\%$	−0.195 ***	0.003	−0.100 ***	0.004	−0.065 *	0.090		
$5\% \leq w < 15\%$	−0.134 **	0.036	−0.018	0.590	0.082 **	0.032		
$15\% \leq w < 25\%$	−0.123 *	0.060	−0.018	0.606	0.113 ***	0.004		
$25\% \leq w < 35\%$	−0.008	0.908	−0.018	0.613	0.119 ***	0.004		
$35\% \leq w < 45\%$	−0.054	0.470	0.092 **	0.014	0.152 ***	0.001		
$w \geq 45\%$	0.112 **	0.029	0.183 ***	0.000	0.246 ***	0.000		
Personal characteristics	YES		YES		YES			
Job characteristics	YES		YES		YES			
Year dummies	YES		YES		YES			
Number of observations	61,595		223,177		71,172			

Appendix H.13. University

Table A23. Logit estimates of the association between relative-wage categories and one-year sectoral exit at universities. The dependent variable equals one if a worker is no longer employed in the focal public-sector branch one year later. The omitted reference category consists of workers whose hourly wage differs by less than 5% from that of their matched comparison worker. Reported coefficients are logit coefficients. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

University	Gender				Migration Background			
Dependent Variable/Subgroup	Male		Female		Native		Western	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.005	0.873	-0.007	0.790	0.016	0.472	-0.051	0.252
$-45\% \leq w < -35\%$	-0.054 *	0.090	-0.016	0.548	-0.049 *	0.051	0.004	0.935
$-35\% \leq w < -25\%$	-0.038	0.204	-0.061 **	0.017	-0.047 **	0.039	-0.079 *	0.098
$-25\% \leq w < -15\%$	-0.031	0.289	-0.012	0.643	-0.024	0.271	-0.004	0.941
$-15\% \leq w < -5\%$	0.003	0.920	0.009	0.721	-0.002	0.941	0.030	0.541
$5\% \leq w < 15\%$	0.044	0.152	0.022	0.416	0.017	0.470	0.064	0.215
$15\% \leq w < 25\%$	0.021	0.503	0.019	0.491	0.009	0.718	0.051	0.347
$25\% \leq w < 35\%$	0.048	0.158	0.041	0.174	0.050 *	0.051	0.040	0.483
$35\% \leq w < 45\%$	0.124 ***	0.000	0.048	0.132	0.069 **	0.012	0.105 *	0.082
$w \geq 45\%$	0.131 ***	0.000	0.128 ***	0.000	0.128 ***	0.000	0.103 **	0.015
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	194,203		228,773		312,276		63,830	
University	Migration background				Education level			
Dependent variable/subgroup	Non-Western		Low		Middle		High	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.024	0.649	0.221	0.628	0.224	0.153	-0.013	0.502
$-45\% \leq w < -35\%$	0.006	0.924	0.471	0.276	0.294 **	0.044	-0.046 **	0.030
$-35\% \leq w < -25\%$	-0.026	0.655	0.181	0.635	0.246 *	0.053	-0.063 ***	0.001
$-25\% \leq w < -15\%$	-0.014	0.811	-0.125	0.723	0.249 **	0.025	-0.031	0.109
$-15\% \leq w < -5\%$	0.020	0.728	0.387	0.220	0.261 **	0.015	-0.005	0.777
$5\% \leq w < 15\%$	0.094	0.141	-0.223	0.492	0.324 ***	0.002	0.021	0.310
$15\% \leq w < 25\%$	0.060	0.358	-0.034	0.918	0.176	0.105	0.016	0.469
$25\% \leq w < 35\%$	-0.004	0.960	-0.157	0.637	0.160	0.161	0.042 *	0.068
$35\% \leq w < 45\%$	0.156 **	0.034	0.379	0.236	0.391 ***	0.001	0.067 ***	0.006
$w \geq 45\%$	0.169 ***	0.001	0.475 *	0.051	0.461 ***	0.000	0.111 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	37,870		2877		21,206		398,893	
University	Age							
Dependent variable/subgroup	Age < 25		25-35		35-45		45-55	
	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	-0.149	0.140	-0.024	0.323	-0.002	0.970	-0.014	0.815
$-45\% \leq w < -35\%$	-0.103	0.355	-0.061 **	0.020	0.068	0.137	-0.090	0.206
$-35\% \leq w < -25\%$	0.026	0.817	-0.075 ***	0.002	-0.057	0.187	-0.012	0.854
$-25\% \leq w < -15\%$	-0.156	0.153	-0.030	0.202	-0.047	0.258	0.062	0.310
$-15\% \leq w < -5\%$	-0.164	0.146	-0.011	0.645	-0.002	0.964	0.083	0.162
$5\% \leq w < 15\%$	0.052	0.662	0.035	0.176	-0.021	0.612	0.016	0.794
$15\% \leq w < 25\%$	-0.035	0.794	0.008	0.770	0.010	0.817	0.071	0.256
$25\% \leq w < 35\%$	-0.150	0.299	0.057 *	0.057	-0.030	0.509	0.108 *	0.092
$35\% \leq w < 45\%$	0.088	0.570	0.102 ***	0.002	0.011	0.823	0.122 *	0.070
$w \geq 45\%$	0.226 *	0.070	0.164 ***	0.000	0.074 **	0.026	0.122 **	0.012
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	9383		170,208		116,497		89,750	

Table A23. Cont.

University	Age		Contract			
	55–60		Permanent		Temporary	
Dependent variable/subgroup	Coefficient	p-value	Coefficient	p-value	Coefficient	p-value
$w < -45\%$	0.177 *	0.093	0.115 ***	0.001	−0.007	0.750
$-45\% \leq w < -35\%$	−0.120	0.334	0.130 ***	0.001	−0.044 *	0.068
$-35\% \leq w < -25\%$	0.003	0.981	0.052	0.159	−0.055 **	0.015
$-25\% \leq w < -15\%$	0.107	0.316	0.044	0.224	−0.013	0.572
$-15\% \leq w < -5\%$	0.155	0.133	0.052	0.140	0.000	0.990
$5\% \leq w < 15\%$	0.261 **	0.011	−0.007	0.855	0.010	0.677
$15\% \leq w < 25\%$	0.019	0.862	−0.051	0.195	−0.001	0.953
$25\% \leq w < 35\%$	0.132	0.233	−0.037	0.380	0.006	0.823
$35\% \leq w < 45\%$	0.086	0.460	−0.051	0.251	0.053 *	0.061
$w \geq 45\%$	0.204 **	0.013	−0.064 **	0.036	−0.013	0.533
Personal characteristics	YES		YES		YES	
Job characteristics	YES		YES		YES	
Year dummies	YES		YES		YES	
Number of observations	38,938		208,247		199,001	

Appendix I. Robustness

This appendix presents three robustness checks assessing whether the main results are sensitive to the functional form of the outcome model, the categorization of relative wages, and the influence of observations with exceptionally high hourly wages. First, we re-estimate the main specification using a linear probability model instead of logistic regression. Second, we replace the relative-wage categories with a continuous logarithmic wage-gap measure. Third, we re-estimate the logistic regressions after excluding observations in the top 5% of the hourly-wage distribution within each branch-year. In all specifications, the dependent variable, control variables, year fixed effects, branch-specific estimation, and clustering of standard errors at the individual level remain unchanged.

Appendix I.1. Linear Probability Model

The main analysis uses logistic regression because sectoral exit is a binary outcome. As a first robustness check, we estimate the same specification using a linear probability model. This provides a more direct interpretation of the coefficients as percentage-point differences and examines whether the substantive findings depend on the non-linear functional form imposed by the logit model.

Table A24. The association between relative wages and the probability of sectoral exit for several government bodies. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/ Government Bodies	National		Provinces		Water Management		Municipalities		Healthcare	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.010 ***	0.000	0.012 **	0.028	−0.004	0.422	0.021 ***	0.000	0.022 ***	0.000
$-45\% \leq w < -35\%$	0.010 ***	0.000	0.002	0.750	0.008	0.157	0.012 ***	0.000	0.008 ***	0.000
$-35\% \leq w < -25\%$	0.007 ***	0.000	0.003	0.545	0.005	0.314	0.008 ***	0.000	0.004 ***	0.005
$-25\% \leq w < -15\%$	0.005 ***	0.005	0.005	0.349	−0.002	0.684	0.007 ***	0.000	0.005 ***	0.001
$-15\% \leq w < -5\%$	0.003 *	0.093	0.002	0.705	0.004	0.414	0.003 **	0.017	0.003 *	0.068
$5\% \leq w < 15\%$	0.000	0.790	−0.006	0.238	−0.002	0.684	0.000	0.901	−0.001	0.417

Table A24. Cont.

Dependent Variable/ Government Bodies	National		Provinces		Water Management		Municipalities		Healthcare	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$15\% \leq w < 25\%$	0.000	0.900	−0.002	0.686	−0.008 *	0.087	−0.003 **	0.039	−0.001	0.492
$25\% \leq w < 35\%$	−0.001	0.724	−0.003	0.496	−0.001	0.832	−0.003 **	0.017	0.001	0.385
$35\% \leq w < 45\%$	0.001	0.602	−0.003	0.583	−0.004	0.500	−0.004 ***	0.005	0.001	0.380
$w \geq 45\%$	0.005 ***	0.000	0.002	0.659	−0.007 *	0.083	0.005 ***	0.000	0.020 ***	0.000
Personal characteristics	YES		YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES		YES	
Adj. R ²	3.8%		3.0%		3.6%		1.9%		4.9%	
Number of observations	767,192		76,111		73,666		1,075,513		1,877,921	

Table A25. The association between relative wages and the probability of sectoral exit for law enforcement and defense. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/Sector	Justice Department		Police		Defense (Military)		Defense (Civilian)	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.004	0.628	0.030 ***	0.000	0.030 ***	0.000	0.004	0.178
$-45\% \leq w < -35\%$	0.018 **	0.037	0.015 ***	0.000	0.025 ***	0.000	−0.002	0.495
$-35\% \leq w < -25\%$	0.004	0.563	0.008 ***	0.000	0.022 ***	0.000	0.006 *	0.086
$-25\% \leq w < -15\%$	0.002	0.770	0.003 **	0.043	0.016 ***	0.000	0.001	0.867
$-15\% \leq w < -5\%$	−0.004	0.543	0.003 *	0.064	0.007 ***	0.008	0.001	0.756
$5\% \leq w < 15\%$	−0.001	0.882	−0.005 ***	0.001	−0.006 ***	0.009	−0.002	0.531
$15\% \leq w < 25\%$	−0.006	0.355	−0.007 ***	0.000	−0.011 ***	0.000	−0.002	0.623
$25\% \leq w < 35\%$	−0.004	0.594	−0.013 ***	0.000	−0.013 ***	0.000	0.005	0.232
$35\% \leq w < 44\%$	−0.002	0.800	−0.018 ***	0.000	−0.017 ***	0.000	0.004	0.309
$w \geq 45\%$	−0.003	0.576	−0.045 ***	0.000	−0.013 ***	0.000	0.015 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Adj. R ²	3.6%		52.7%		12.1%		4.4%	
Number of observations	37,899		679,715		288,546		92,281	

Table A26. The association between relative wages and the probability of sectoral exit for several education sectors. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. All models control for gender, migration background, educational attainment, region of residence, contract type, weekly working-hours category, and year fixed effects. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/Sector	Primary Education		Secondary Education		Vocational		University	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$w < -45\%$	0.006 ***	0.000	0.001	0.540	−0.005	0.102	0.002	0.365
$-45\% \leq w < -35\%$	0.002	0.187	−0.001	0.585	−0.010 ***	0.004	−0.004	0.209

Table A26. Cont.

Dependent Variable/Sector	Primary Education		Secondary Education		Vocational		University	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$-35\% \leq w < -25\%$	0.000	0.834	−0.001	0.432	−0.008 ***	0.005	−0.007 **	0.010
$-25\% \leq w < -15\%$	−0.002	0.099	0.000	0.972	−0.007 ***	0.007	−0.003	0.330
$-15\% \leq w < -5\%$	−0.002	0.155	0.003	0.117	−0.008 ***	0.002	0.001	0.818
$5\% \leq w < 15\%$	0.004 ***	0.009	0.005 ***	0.004	0.003	0.226	0.004	0.148
$15\% \leq w < 25\%$	0.006 ***	0.000	0.008 ***	0.000	0.005 *	0.055	0.002	0.435
$25\% \leq w < 35\%$	0.009 ***	0.000	0.008 ***	0.000	0.005	0.118	0.005 *	0.081
$35\% \leq w < 44\%$	0.013 ***	0.000	0.010 ***	0.000	0.013 ***	0.000	0.011 ***	0.001
$w \geq 45\%$	0.026 ***	0.000	0.025 ***	0.000	0.025 ***	0.000	0.015 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Adj. R ²	18.6%		11.2%		8.3%		12.0%	
Number of observations	1,486,799		867,910		311,261		422,976	

Appendix I.2. Continuous Logarithmic Relative-Wage Specification

The main specification divides the relative-wage gap into categories to allow for non-linear associations between relative wages and sectoral exit. As a second robustness check, we instead use the continuous logarithmic wage gap as the explanatory variable. This gap is defined by

$$\ln(w_{it}) - \ln(w_{it}^m)$$

In this equation, w_{it} is the hourly wage of the public-sector worker and w_{it}^m is the hourly wage of the matched comparison worker. Positive values indicate that the public-sector worker earns more than the matched worker, while negative values indicate a relative-wage disadvantage. This specification examines whether the results are sensitive to the selected category boundaries.

Tables A27–A29 report average adjusted predicted probabilities of sectoral exit at selected relative-wage gaps ranging from −40% to +40%. The predicted probabilities are derived from branch-specific logistic regressions with the same controls, year fixed effects, and individual-level clustering as in the main analysis.

Table A27. The association between relative wages and the probability of sectoral exit. Entries are average adjusted predicted probabilities of sectoral exit, with 95% confidence intervals in parentheses for government bodies. Predictions are evaluated at selected relative-wage gaps while averaging over the observed values of the remaining covariates. The relative-wage gap is based on the logarithmic difference between the worker's hourly wage and those of the matched comparison worker. Reported percentage labels correspond to the associated proportional wage differences. Standard errors are clustered at the individual level.

Wage Gap/Predicted Sectoral Exit Rate	National Government		Provinces		Water Management		Municipality		Healthcare
−40%	0.100	(0.099, 0.102)	0.098	(0.095, 0.102)	0.093	(0.089, 0.096)	0.108	(0.107, 0.109)	0.191 (0.190, 0.192)
−20%	0.101	(0.100, 0.102)	0.097	(0.095, 0.100)	0.092	(0.089, 0.095)	0.106	(0.106, 0.107)	0.194 (0.193, 0.194)
0%	0.101	(0.101, 0.102)	0.096	(0.094, 0.099)	0.091	(0.089, 0.094)	0.106	(0.105, 0.106)	0.196 (0.195, 0.196)
20%	0.102	(0.101, 0.102)	0.096	(0.094, 0.098)	0.091	(0.089, 0.093)	0.105	(0.104, 0.106)	0.197 (0.197, 0.198)
40%	0.102	(0.101, 0.103)	0.095	(0.093, 0.098)	0.091	(0.088, 0.093)	0.104	(0.104, 0.105)	0.199 (0.198, 0.200)
Number of observations	767,192		76,111		73,666		1,075,513		1,877,921

Table A28. The association between relative wages and the probability of sectoral exit. Entries are average adjusted predicted probabilities of sectoral exit, with 95% confidence intervals in parentheses for law enforcement and defense. Predictions are evaluated at selected relative-wage gaps while averaging over the observed values of the remaining covariates. The relative-wage gap is based on the logarithmic difference between the worker's hourly wage and those of the matched comparison worker. Reported percentage labels correspond to the associated proportional wage differences. Standard errors are clustered at the individual level.

Wage Gap/Sector	Justice Department		Police		Civilian Branch of Defense		Military Branch of Defense	
−40%	0.065	(0.060; 0.070)	0.214	(0.213; 0.215)	0.052	(0.050; 0.054)	0.114	(0.112; 0.116)
−20%	0.063	(0.060; 0.067)	0.201	(0.201; 0.202)	0.055	(0.053; 0.057)	0.109	(0.107; 0.110)
0%	0.062	(0.059; 0.065)	0.191	(0.191; 0.192)	0.057	(0.056; 0.059)	0.105	(0.104; 0.106)
20%	0.061	(0.059; 0.064)	0.183	(0.183; 0.184)	0.059	(0.058; 0.061)	0.102	(0.101; 0.103)
40%	0.060	(0.058; 0.063)	0.176	(0.176; 0.177)	0.061	(0.059; 0.063)	0.099	(0.098; 0.100)
Number of observations	37,899		679,715		92,281		288,546	

Table A29. The association between relative wages and the probability of sectoral exit. Entries are average adjusted predicted probabilities of sectoral exit, with 95% confidence intervals in parentheses for education. Predictions are evaluated at selected relative-wage gaps while averaging over the observed values of the remaining covariates. The relative-wage gap is based on the logarithmic difference between the worker's hourly wage and those of the matched comparison worker. Reported percentage labels correspond to the associated proportional wage differences. Standard errors are clustered at the individual level.

Wage Gap/Predicted Sectoral Exit Rate	Primary Education		Secondary Education		Vocational		University	
−40%	0.191	(0.190; 0.192)	0.142	(0.141; 0.143)	0.128	(0.126; 0.130)	0.194	(0.192; 0.195)
−20%	0.197	(0.196; 0.198)	0.148	(0.147; 0.149)	0.136	(0.134; 0.137)	0.198	(0.197; 0.199)
0%	0.201	(0.201; 0.202)	0.153	(0.152; 0.154)	0.142	(0.141; 0.143)	0.202	(0.201; 0.203)
20%	0.205	(0.204; 0.206)	0.157	(0.156; 0.158)	0.147	(0.146; 0.149)	0.205	(0.203; 0.206)
40%	0.208	(0.207; 0.209)	0.161	(0.160; 0.162)	0.152	(0.151; 0.154)	0.207	(0.206; 0.209)
Number of observations	1,486,799		867,910		311,261		422,976	

Appendix I.3. Exclusion of the Top 5% of Hourly Wages

As a third robustness check, we re-estimate the main logit specification after excluding observations in the top 5% of the hourly-wage distribution within each public-sector branch and year. Exceptionally high measured hourly wages may reflect genuine high earnings, but may also be influenced by severance payments. Such observations can generate extreme relative-wage gaps and may exert a disproportionate influence on the estimates, particularly in the highest wage category.

We retain the original matching procedure, wage-category definitions, controls, year fixed effects, and individual-level clustering. Comparing these estimates with the main results indicates whether the observed patterns are robust to the exclusion of potentially influential extreme earnings observations. The results are shown in Tables A30–A32.

Table A30. Logit estimates of the association between relative-wage categories and one-year sectoral exit in government bodies. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. The regression controls for various background characteristics. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/ Government Bodies	National		Provinces		Water Management		Municipalities		Healthcare	
	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value
$w < -45\%$	0.130 ***	0.000	0.168 **	0.012	−0.059	0.417	0.241 ***	0.000	0.141 ***	0.000
$-45\% \leq w < -35\%$	0.122 ***	0.000	0.039	0.615	0.119	0.114	0.148 ***	0.000	0.062 ***	0.000
$-35\% \leq w < -25\%$	0.084 ***	0.000	0.064	0.351	0.071	0.305	0.099 ***	0.000	0.033 ***	0.001
$-25\% \leq w < -15\%$	0.051 ***	0.006	0.061	0.338	−0.024	0.717	0.093 ***	0.000	0.033 ***	0.001
$-15\% \leq w < -5\%$	0.029	0.109	0.028	0.640	0.049	0.433	0.038 **	0.011	0.021 **	0.034
$5\% \leq w < 15\%$	−0.013	0.475	−0.065	0.276	−0.034	0.583	−0.003	0.823	−0.01	0.344
$15\% \leq w < 25\%$	−0.011	0.559	−0.031	0.619	−0.121 *	0.063	−0.040 **	0.011	−0.013	0.21
$25\% \leq w < 35\%$	−0.021	0.306	−0.072	0.261	−0.036	0.585	−0.048 ***	0.004	0.002	0.873
$35\% \leq w < 45\%$	0.000	0.995	−0.051	0.449	−0.045	0.520	−0.060 ***	0.001	0.001	0.951
$w \geq 45\%$	−0.020	0.208	−0.034	0.490	−0.128 **	0.013	−0.047 ***	0.000	0.064 ***	0.000
Personal characteristics	YES		YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES		YES	
Number of observations	728,832		72,305		69,982		1,021,737		1,784,025	

Table A31. Logit estimates of the association between relative-wage categories and one-year sectoral exit in law enforcement and defense. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. The regression controls for various background characteristics. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/Sector	Justice Department		Police		Defense (Military)		Defense (Civilian)	
	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value
$w < -45\%$	0.064	0.593	0.328 ***	0.000	0.291 ***	0.000	0.096	0.174
$-45\% \leq w < -35\%$	0.279 **	0.027	0.165 ***	0.000	0.277 ***	0.000	−0.062	0.436
$-35\% \leq w < -25\%$	0.076	0.530	0.078 ***	0.001	0.245 ***	0.000	0.129 *	0.072
$-25\% \leq w < -15\%$	0.040	0.729	0.027	0.242	0.185 ***	0.000	0.013	0.853
$-15\% \leq w < -5\%$	−0.090	0.425	0.029	0.218	0.089 ***	0.006	0.016	0.818
$5\% \leq w < 15\%$	−0.044	0.697	−0.084 ***	0.000	−0.079 **	0.012	−0.064	0.387
$15\% \leq w < 25\%$	−0.130	0.254	−0.112 ***	0.000	−0.133 ***	0.000	−0.062	0.418
$25\% \leq w < 35\%$	−0.088	0.454	−0.199 ***	0.000	−0.167 ***	0.000	0.057	0.472
$35\% \leq w < 44\%$	−0.082	0.495	−0.263 ***	0.000	−0.212 ***	0.000	0.042	0.609
$w \geq 45\%$	−0.106	0.225	−0.622 ***	0.000	−0.212 ***	0.000	0.123 **	0.040
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	36,004		645,729		274,119		87,667	

Table A32. Logit estimates of the association between relative-wage categories and one-year sectoral exit in several education sectors. Positive signs indicate that the sectoral exit probability increases. Negative signs for wage categories indicate that the sectoral exit probability decreases. The regression controls for various background characteristics. *p*-values based on clustered standard errors at the individual level. *** denotes significance at the 1% level, ** at the 5% level, and * at the 10% level.

Dependent Variable/Sector	Primary Education		Secondary Education		Vocational		University	
	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value	Coefficient	<i>p</i> -Value
$w < -45\%$	0.047 ***	0.000	0.004	0.789	−0.039	0.165	0.001	0.963
$-45\% \leq w < -35\%$	0.023 **	0.044	−0.012	0.509	−0.091 ***	0.004	−0.030	0.146
$-35\% \leq w < -25\%$	0.006	0.610	−0.009	0.588	−0.065 **	0.019	−0.049 **	0.012
$-25\% \leq w < -15\%$	−0.006	0.560	0.004	0.786	−0.059 **	0.025	−0.021	0.277

Table A32. Cont.

Dependent Variable/Sector	Primary Education		Secondary Education		Vocational		University	
	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value	Coefficient	p-Value
$-15\% \leq w < -5\%$	−0.011	0.325	0.029 *	0.056	−0.073 ***	0.004	0.005	0.789
$5\% \leq w < 15\%$	0.023	0.042	0.041 ***	0.009	0.031	0.208	0.030	0.138
$15\% \leq w < 25\%$	0.033 ***	0.006	0.063 ***	0.000	0.034	0.193	0.019	0.373
$25\% \leq w < 35\%$	0.047 ***	0.000	0.057 ***	0.001	0.017	0.523	0.037 *	0.100
$35\% \leq w < 44\%$	0.071 ***	0.000	0.053 ***	0.003	0.079 ***	0.007	0.082 ***	0.001
$w \geq 45\%$	0.088 ***	0.000	0.091 ***	0.000	0.093 ***	0.000	0.080 ***	0.000
Personal characteristics	YES		YES		YES		YES	
Job characteristics	YES		YES		YES		YES	
Year dummies	YES		YES		YES		YES	
Number of observations	1,412,459		824,514		295,698		401,827	

Notes

- 1 This paper does not distinguish between different sub-branches of the healthcare sector.
- 2 Higher vocational education (in Dutch: HBO) is not included as reliable hourly wages are not available during the entire period.
- 3 One exception is the education level for police and age for university personnel.
- 4 We exclude workers above the age of 60 to ensure that retirement is unlikely to be the reason for leaving the public sector.
- 5 A change in employer within the same branch is not classified as exiting the sector.
- 6 Further evidence on working conditions, career prospects, and other non-wage attributes may indicate whether this plays a role (see, for instance, [TNO \(n.d.\)](#)) for evidence on this matter.
- 7 This creates scope for rent-seeking behavior. Politicians could, for instance, reward political connections with better-paid positions. Politicians will only bear the cost of this behavior if voters condemn this behavior. This is not necessarily the case ([Shleifer & Vishny, 1994](#); [Boycko et al., 1996](#)). To limit rent extraction, governments have enacted rigid employment rules for public-service workers ([Evans, 1995](#)).
- 8 Several papers show that financial incentives affect how public-service workers allocate effort across tasks. See, for instance, [Baicker and Jacobson \(2007\)](#) for police officers, [Khan et al. \(2016\)](#) for tax inspectors, and [Muralidharan and Sundararaman \(2012\)](#) for teachers on the effectiveness of performance pay in several government branches. In general, performance pay causes public-service workers to focus on the incentivized dimension of their job at the expense of the non-incentivized dimensions ([Holmström & Milgrom, 1991](#); [Glewwe et al., 2010](#); [Parrillo, 2013](#)).
- 9 Empirical evidence from developing countries is mixed. [Dal Bó et al. \(2013\)](#) and [Ashraf et al. \(2015\)](#) find that increasing wages or emphasizing attractive career prospects does not lead to an applicant pool with weaker prosocial motivation. On the other hand, [Deserrano \(2014\)](#) finds that financial incentives can crowd out socially motivated applicants. [Cowley and Smith \(2014\)](#) find that public-service workers are more intrinsically motivated, and [Banuri and Keefer \(2013\)](#) find that public-service workers display stronger prosocial preferences.
- 10 We impose a linear relationship for simplicity, as it provides an intuitive summary of the main mechanisms.
- 11 [Böckerman and Ilmakunnas \(2009\)](#) and [Bertelli \(2007\)](#) show that adverse working conditions and lower job satisfaction are associated with higher job-to-job mobility.
- 12 We use the following datasets from CBS: gbpersoontab, polisbus, gbaadresobjectbus, and hoogsteopltab.
- 13 Vacation and leave hours are not included in the annual number of hours worked.
- 14 We use the SOI definition that distinguishes eighteen education levels, which we use for our matching algorithm (see Section 4.1). A brief description of each level is provided in Appendix B. In the main text, we will abstract from using all eighteen levels and focus on three broader categories: low, medium, and high.
- 15 Places of residence are grouped into 35 labor market regions, which are described in Appendix C. In the main text, we will not refer to these 35 regions but to four broader categories: the North, East, South, and West of the Netherlands.
- 16 The part-time factor indicates the average number of regular hours worked per week and is divided into six categories: (i) less than 12 h, (ii) between 12 and 20 h, (iii) between 20 and 25 h, (iv) between 25 and 30 h, (v) between 30 and 35 h, and (vi) more than 35 h.
- 17 Due to some administrative omissions, a limited group of workers earn less than the legal minimum wage. This group is small (less than three percent) and mainly present in the private sector. Workers with zero recorded hours may remain in the administrative records due to severance payments or wage raises paid after the contract ended.
- 18 The average retirement age in the Netherlands ranges between 60 and 63 for public-service workers (CBS). By excluding this group, retirement is most likely not the reason that public-service workers exit their jobs. [Rutten et al. \(2025\)](#) provide an extensive overview of changes in Dutch pension policies.

- ¹⁹ These specific contracts comprise director-owners, interns, sheltered workshops, temporary workers, and on-call workers.
- ²⁰ The data on the healthcare sector are relatively limited. They do not allow us to distinguish between different branches of the healthcare sector. The healthcare sector in our dataset consists of the following sub-branches: youth care, general practitioners, (academic) hospitals, mental healthcare, disability care, nursing and home care, social work, and other medical professions.
- ²¹ There is a distinction between military and civilian personnel within the defense sector. Military personnel are trained combatants engaged in defense operations and subject to military law and hierarchical command structures. Civilian personnel perform non-combat support functions. These functions include, for instance, administration, logistics, and technical services. They operate under civilian labor laws and face substantially lower physical risk.
- ²² One educational branch—higher professional education (HBO)—is excluded because hours worked are not consistently recorded over the 2013–2022 period. Hourly wages for this group are mechanically overstated, making them unsuitable for analysis.
- ²³ In other words, any imprecision in measuring relative wages weakens the estimated relationship with sectoral exit rather than generating spurious effects.
- ²⁴ The administrative data do not allow us to identify whether sectoral exits are voluntary or involuntary. The outcome, therefore, includes voluntary job changes, contract terminations, dismissals, and other forms of departure from the focal branch.
- ²⁵ The sectors under consideration all have one collective labor agreement. Clustering at the sector-year level would, therefore, provide only approximately ten clusters in each branch-specific regression. This number of clusters is too low to achieve reliable inference. The only exception is the healthcare sector, which consists of multiple collective labor agreements. Due to data limitations in the healthcare sector, we cannot distinguish between the several healthcare branches.
- ²⁶ We include gender to allow for differential responses to financial incentives (Erbasi & Arat, 2012).
- ²⁷ Both education level and ethnicity could affect labor mobility (van den Berg & ter Weel, 2015; Blinder, 1973). The same holds as well for labor market regions (Greenwood, 1997).
- ²⁸ See D’Addio and Rosholm (2005) on how job characteristics affects exit rates.
- ²⁹ Therefore, we expect a positive coefficient by (one) the following dummy variables: $w < -45\%$, $-45\% \leq w < -35\%$, $-35\% \leq w < -25\%$, $-25\% \leq w < -15\%$, $-15\% \leq w < -5\%$.
- ³⁰ Therefore, we expect a negative coefficient for the following dummy variables: $5\% \leq w < 15\%$, $15\% \leq w < 25\%$, $25\% \leq w < 35\%$, $35\% \leq w < 45\%$, and $w \geq 45\%$.
- ³¹ Clustering at the branch-year level would leave too few clusters per model, since wage bargaining takes place at the branch level. This makes conventional cluster-robust inference unreliable. We therefore retain individual-level clustering as our approach.
- ³² In addition, the government may provide a conflict resolution mechanism that links the settlement of disputes across the economy and/or allows the intervention of state arbitrators or parliament.
- ³³ For this specific subgroup, we only include public-service workers who in a particular year have either a permanent or a temporary contract. If a public-service worker has both in a particular year, we omit that observation from the regression.

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