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# A cautionary note on the reliability of the online survey data – the case of Wage Indicator

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## Abstract

We investigate the reliability of data from the Wage Indicator (WI), the largest online survey on earnings and working conditions. Comparing WI to nationally representative data sources for 17 countries reveals that participants of WI are not likely to have been representatively drawn from the respective populations. Previous literature has proposed to utilize weights based on inverse propensity scores, but this procedure was shown to leave reweighted WI samples different from the benchmark nationally representative data. We propose a novel procedure, building on covariate balancing propensity score, which achieves complete reweighting of the WI data, making it able to replicate the structure of nationally representative samples on observable characteristics. While rebalancing assures the match between WI and representative benchmark data sources, we show that the wage schedules remain different for a large group of countries. Using the example of a Mincerian wage regression, we find that in more than a third of the cases, our proposed novel reweighting assures that estimates obtained on WI data are not biased relative to nationally representative data. However, in the remaining 60% of the analyzed 95 datasets systematic differences in the estimated coefficients of the Mincerian wage regression between WI and nationally representative data persists even after reweighting. We provide some intuition about the reasons behind these biases. Notably, objective factors such as access to the Internet or richness appear to matter, but self-selection (on unobservable characteristics) among WI participants appears to constitute an important source of bias.

**Key words:** Wage Indicator, online surveys, propensity score matching, weights

**JEL Codes:** C81, J30, J31

# 1 Introduction

There is no perfect data or data source. The lack of coverage or limited access to data puts boundaries not only on the development of knowledge, but notably also on policy advice. The representative data are often difficult to access, sometimes they do not even exist (especially in the case of developing economies, societies in political transition or with constraints on democracy). Even when data have actually been collected, they may miss the focus of policy and research relevant areas, hence the design of questions as well as the array of covered topics may fall short of the needs of the scientific community.

In response to these shortcomings, community of scholars have developed numerous projects of online surveys,<sup>1</sup> which are often distinguished by free access, thoughtfulness in design and comprehensive coverage of topics. However, previous research suggests that data collected in online surveys are likely to suffer from the lack of representativeness, which may lead to a bias in estimated relationships (e.g. Granello and Wheaton, 2004; Evans and Mathur, 2005; Steinmetz and Tijdens, 2009; Steinmetz et al., 2009; Valliant and Dever, 2011; Steinmetz et al., 2014a). Defending the quality of the data from online surveys, Heiervang and Goodman (2011) argue that if a participating population is large enough, the problem of representativeness may be overstated. Online surveys make it possible to substantially increase the quality of the collected data through adequate design of questionnaires and complete control over its administration to respondents (Braunsberger et al., 2007). Moreover, low response rate need not be an issue, so long as it is fairly random.<sup>2</sup> Strengthened by these insights, researchers often rely on data from the online surveys.<sup>3</sup>

One of the largest and the most popular online survey programs is the Wage Indicator (WI). The advantages of using such a database are manifold. It covers 96 countries, including some for which alternative sources are unavailable or nearly impossible to obtain.<sup>4</sup> Importantly, the WI provides not only information on wages, human capital and demographic characteristics, but also on a wide range of topics related to job and life satisfaction, work-life balance and health, which makes it a unique data source for a variety of economic, sociological, political science and possibly even psychological studies. Finally, in some countries, sample sizes in WI are indeed large, comparable to those in nationally representative databases. These features made the WI an attractive alternative for researchers. For 2015 alone, WageIndicator website lists 61 scientific publications and policy reports that rely on the WI data.<sup>5</sup>

Given the popularity of WI data, its reliability is of paramount importance. After comparing WI data from one selected wave with data from representative surveys for Germany and the Netherlands, Steinmetz et al. (2009) show that coefficients estimated on WI data are biased relative to the representative samples. Our objective is threefold. First, we provide a novel approach to constructing balancing weights. Unlike the procedure suggested by Steinmetz et al. (2009), we propose to use weights derived from propensity score matching rather than propensity scores *per se*. We demonstrate substantial gains in the balancing of the WI data relative to representative samples even with a fairly narrow set of matching covariates. Such gains owe to balancing based on relative rather than absolute frequencies. Second, using this novel approach, we are able to verify the claim that estimates from WI data are biased relative to representative samples. Unlike earlier literature, we provide these weights for a large collection of countries (in total 95 samples from 17 countries<sup>6</sup> – industrialized and developing alike). As benchmark for comparisons, we utilize a large collection of the nationally representative samples collected from a variety of sources: labor force surveys, household budget surveys, structure of earnings surveys, the International Social Survey Program (ISSP) and other dedicated national surveys. Our procedure for balancing the WI sample properties has two major advantages: (i) all the relevant information is utilized for estimating weights on each WI observation; (ii) once the weights are estimated, only WI data needs to be adjusted to balance samples. Third, multiple years and data sources for some of the countries allow to identify the patterns of similarity between WI and representative samples.

Studies on life conditions often treat salary as a reference point and a key variable in the analysis. Indeed, level of salary may be an important indicator of life situation and it is often highly correlated with the assessment of the quality of the job and life in general. By and large, the results of our exercise demonstrate that WI data differ substantially from representative samples, i.e. WI data on wages do not appear to represent the underlying population. Among 95 analyzed datasets, only 11 yield mean hourly wages similar to the benchmark representative samples. We were able to successfully balance the

sample structure in virtually all of the analyzed WI samples and to reproduce demography and human capital endowment of the representative samples. Despite the balancing, majority of WI samples still yield wage distributions different from the representative samples, which puts in question the general reliability of the indicators from WI.

This paper is structured as follows. First, we present insights from earlier studies on the reliability of the online surveys in section 2. Section 3 describes in detail the methodology with a particular reference to the construction of weights, while, in section 4, we present the main characteristics of the data sources employed in this study. We report the results in section 5, whereas in the concluding section we discuss the implications and limitations of our study.

## 2 Insights from the literature

Growing popularity of Internet data in labor market and life quality research spurred a wave of studies on the quality of these sources. This literature broadly falls into two categories. First, some studies discuss the advantages of collecting data online relative to alternative sources, which usually include references to privacy, costs and timeliness of Internet data. However, an equally large literature discusses the methodological challenges that surround the use of data collected using online surveys.

The advantages of using Internet collected data over alternative datasets have been discussed by several authors. First, collecting data via Internet is much cheaper and less time consuming than obtaining similar data via field questionnaires on a representative sample of the population (Wright, 2005; Shannon and Bradshaw, 2002). Often, respondents in online surveys are volunteers, which makes these surveys almost costless (Horton et al., 2011). The reduction in costs creates the opportunity to collect data on a much larger range of topics, which are better adjusted to the needs of the researcher (Boelhouwer and Bijl, 2015). Moreover, to some extent, it is possible to include populations that would be nearly impossible to reach via traditional surveys, thus the coverage can be much better (Lefever et al., 2007). Finally, online tools reduce substantially the cost of collecting data, hence making more research possible within the same budget constraints.

In addition to the cost dimension, Internet-based surveys have another advantage: they provide a higher sense of anonymity for the participant than the presence of government officials or professional interviewers (Granello and Wheaton, 2004; Braunsberger et al., 2007). This feature is certainly desirable when dealing with topics that might otherwise be taboo or with information that the respondents might be reluctant to provide in the presence of government representatives or other household members (e.g. unregistered employment or earnings from illegal activities). On the flip side, the desire to preserve anonymity might result in misreporting individual characteristics, such as age or gender, even when substantial questions are later answered truthfully (Akbulut, 2015).

Finally, using Internet for data collection has the potential to overcome some of the shortcomings of official data. Micro level databases are collected on regularly defined periods, usually quarterly or annually. As a consequence, policy effects might only be visible after some time. Internet databases, on the contrary, are updated in real time. More importantly, official regulations usually place constraints on the information that can be disclosed in traditional sources. In the case of the European Union Labor Force Survey, for example, the application of anonymization rules eliminated wage data from the distributed samples (income deciles are reported instead). The same anonymization process was applied to some individual characteristics, such as age.

On the other side of the discussion, opponents to the use of Internet-based survey data question the quality of such data. One of the most frequently discussed issues is participation in online surveys. Since in most web-based surveys (those provided by websites or online forums) it is impossible to specify the size of the population that was able to take part in the survey, analyses of response rate or structure of the sample in comparison to total sample that was aware of the survey are also often impossible (Schleyer and Forrest, 2000). Granello and Wheaton (2004) propose to deal with this problem applying a probability sampling design online. The procedure implies identifying the target population and sending surveys by e-mail only to a randomly chosen sample of potential respondents. Their proposal is only applicable to cases where the target population has been identified and e-mail addresses were collected. An alternative approach consists of using social media to spread the survey and control for the number

of respondents who opened it (Ramo and Prochaska, 2012). Finally, Fleming and Bowden (2009) propose to refer to the total number of visits on the website through which the survey is distributed. These measures are far from perfect, but they allow a comparison of response rates in traditional surveys to participation rates in Internet surveys. Barrios et al. (2011) document a higher participation rate in the web-based survey relative to a response rate in traditional mail-in surveys. However, this comparison was executed on samples of PhD graduates, who need not be representative of population at large in terms of time available, computer literacy, etc. Indeed, it appears that the results so far have been mixed: there is no consistent evidence that web-based surveys differ on average in the propensity to participate from the traditional surveys (Shannon and Bradshaw, 2002; Fleming and Bowden, 2009; Shin et al., 2012).<sup>7</sup>

In addition to the response / participation rate, literature also questions the randomness of the very decision to participate in the survey. Heiervang and Goodman (2011) claim that if the decision to participate in the survey is random and population is large enough, low response rates need not be a serious issue. They further argue that researchers should really be concerned about the quality of the responses and, consequently, the quality of the obtained results. On the one hand, access to Internet, computer literacy and interest to participate in surveys are rarely evenly distributed in the population (see Valliant and Dever, 2011; Chen, 2014, for a recent overview of methodological approaches). On the other hand, some topics may particularly encourage / discourage certain types of responders to participate at all (Wright, 2005; Fang et al., 2009) or to complete the survey (Tijdens, 2014).

Another challenge concerns the quality of the data. Without surveillance while filling the survey, risks associated with satisficing may intensify (Stolte, 1994). This problem arises when, fatigued by the survey, respondents provide answers that require less effort, e.g. lining answers in a series of multiple choice questions, rounding up responses, etc. This issue occurs in general self-administered surveys to a larger extent than in personal interviews (Sue and Ritter, 2012). Revilla and Ochoa (2015) show that satisficing is associated with faster completion time of the surveys, which suggests that information on the length of the survey could be used as a proxy for the quality of the answers. As with the case of participation / response rate, research on the quality of responses provides mixed results. Some studies showed that web-based survey provided data of better quality, and, therefore, the results are more reliable (Braunsberger et al., 2007; Roster et al., 2004); others suggest that web collected surveys generate more useless data (Cole, 2005).

## 2.1 Representativeness of the online data

One of the issues that are most often raised by researchers is representativeness of the sample, a problem that is particularly acute in the case of volunteer surveys (Couper, 2000). In spite of Internet's increasing penetration, access to the Internet is still unequally distributed. In some countries, individuals with lower earnings might be underrepresented among Internet users. Similar arguments might be put forward in the case of elderly or less educated individuals. While in the developed world these concerns might play a smaller role, in developing nations they cannot be ignored (James, 2008; Tijdens and Steinmetz, 2016). Even in the cases where surveys reach entire targeted population, non-response might be larger in the case of Internet-based surveys due to technical issues, such as the lack of a stable connection or insufficient time to complete the survey, among others. Finally, one should consider that individuals of different groups might have different preferences concerning Internet use (e.g. Steinmetz et al., 2013; Chen, 2014).

An alternative approach to explore the bias from online surveys relies on dual databases, i.e. databases that contain two modules: one administered to a representative sample of the population and a web-based module. Bandilla et al. (2003) is an early example of this type of analysis, as authors compare two samples of the International Social Survey Programme (ISSP) in Germany. They show that participants differ significantly with regards to socio-demographic structure and in other relevant variables. Even after weighting, results were inconsistent across samples. However, when they repeated the procedure within educational categories, differences in descriptive statistics disappear. By contrast, Schonlau et al. (2009), show that the use of propensity score matching weights improves the fit between

the representative and the web-survey based components of the US Health and Retirement Study, though some differences remain. Differences in distributions between samples from web-based surveys and traditional, representative surveys were also observed in the American National Election Study (Malhotra and Krosnick, 2007) and in two similar surveys (one conducted via Internet, second as face-to-face interview) in Belgium (Loosveldt and Sonck, 2008).

## 2.2 The case of WI

Utilizing experience from the other online surveys, WI appears to be particularly concerned with the quality of the collected data and the outreach to the relevant population. Indeed, WI data are collected by experienced researchers and with great attention to methodological prudence, hence their quality is possibly much better than *ad hoc* surveys in many countries, as well as *quasi*-commercial data on wages from various wage comparison/ranking tools. Wage Indicator data are collected through multilingual websites, one for each participating country. In some countries, WI provides also websites targeted towards groups, such as women, specific professional groups, etc.<sup>8</sup> Websites that offer WI survey have to fulfill a 'quality of information' criteria set by the non-governmental organization operating WI. These websites rank high in search engines for a wide array of key words. Hence, WI recruitment is based mainly on voluntary participation by individuals sufficiently interested in related topics to query one of the related key words in the search engine. In addition, many specialized service providers – e.g. job brokers, temporary work agencies, etc. – advertise the tools offered by WI.

Recognizing the risk of satisficing (see Sue & Reiter, 2012), WI survey is short and only few questions are actually obligatory to the participants. Moreover, participants are incentivized to complete the survey, both because they can get a more accurate SalaryCheck data and they get a chance to obtain a monetary prize equal to the weekly minimum wage, monthly in the case of countries with low minimum wages. Chances are doubled for participants willing to become part of a panel survey.<sup>9</sup> The standard version of the survey requires approximately 10-20 minutes to complete, but in countries with slower average speed of Internet, this survey is further shortened to roughly 5 minutes (Tijdens et al., 2010). Finally, the survey can be completed in several sessions within a week span.

Given the extensiveness of the WI data in terms of breadth and coverage, earlier literature on the data project asks whether WI data are reliable enough to be used for research purposes. In analyses for Germany and the Netherlands, Steinmetz et al. (2009) and Steinmetz and Tijdens (2009) compare the WI data to nationally representative databases, the German Socioeconomic Panel and the Labor Supply Panel from the Netherlands. They find that in both cases WI samples are not representative of the general population. Consequently, wage distributions differ between the two types of the sources, yielding biased estimators in the case of online sources vis-a-vis the representative sources.

In summary, previous findings consistently report differences between the representative and the web-collected surveys. The use of weights to improve the fit between the samples presents a mixed record in terms of balancing the data from online surveys. The main limitations of the previous literature concern both methodology and the coverage. In terms of methodology, the construction of weights does not assure balancing and necessitates access to both WI and benchmark data, as both WI and benchmark samples are reweighted. In terms of coverage, the reliability analyses are available for selected countries and years. Against this background from the earlier literature, our analysis contributes to both the methodological and the cross-country dimensions of the WI. We test a novel procedure for balancing WI data to nationally representative benchmark samples. This new approach assures balancing and reweights only the WI sample, which makes it a convenient addition to the raw WI data for all researchers interested in making a relevant WI sample resemble a representative population despite lack of access to a representative sample. Wide country coverage allows researchers to explore more systematically the reasons behind WI representativeness, or lack thereof. While in a strict sense, we can only comment on the actual 95 datasets that we use in the analysis, the broad coverage of countries, years and various sources of data lends some grounds to cautious generalizations of our results.

## 3 Methodology

This section discusses the methods employed in our study. We first briefly describe the statistical tests used for the comparison of the WI data and a benchmark dataset. In a second part, we review the reweighting procedure employed in our analysis.

Consider a benchmark sample from a population that is representative along the defined criteria of representativeness. Typically, for nationally representative samples, residence, age and gender are considered sufficient criteria for random sampling from the population by most central statistical offices around the world. Such approach hinges crucially on the implicit assumption that conditional on matching these characteristics between the random sample and the population, the measurement of other characteristics is as good as if each individual from the population participated in the survey (notably with a sampling error declining with the number of participants). Often, nationally representative surveys utilize administrative records to know the 'true' geography, age and gender distributions of individuals and subsequently randomly sample addresses to perform the questionnaire. The random sampling is key to assuring that each individual within society has the same probability of participating in a survey. Stratification is used to mitigate the risk that the sample population is excessively dominated by this strata of the society that is the easiest to access. Since participation in the questionnaire is never fully warranted, the realized distribution of the key characteristics is used to obtain weights which make the sample representative of the underlying population. If non-participation is random, weights are neutral. If non-participation is larger among specific strata of the society, survey weights correct for that fact.

Against this benchmark case, consider an alternative sample, for which the sampling procedure is unknown, but the final distribution of the key characteristics is known. Such surveys are sometimes referred to as non-probability surveys. If one is able to provide a structure of weights that makes this sample from an unknown sample design replicate the distribution of the individual characteristics from the representative data, one can extend the argument from the nationally representative sampling: conditional on these weights, answers to all other questions should be as good as if each individual of the population was asked, with a sampling error. Of course, this is only warranted if the (unknown) sampling design is not affecting the measured characteristics themselves. After reweighting answers should be a correct approximation of the underlying population, conditional on participation being independent of a given analyzed characteristics<sup>10</sup>. Naturally, the sampling error cannot be obtained if the sampling design is unknown.

In this paper we compare samples from the WI (which fits the description of the alternative sample) to benchmark samples (as discussed above), in order to obtain the weights which help to correct for the unknown and thus possibly non-random sampling in the WI. To this end, we collected a large number of nationally representative samples in terms of key characteristics: age, gender and residence. These samples are subsequently compared to the WI, conditional on the underlying characteristics. Since both the nationally representative surveys and WI comprise a large number of outcome variables in addition to the population characteristics, we select one such variable – hourly wage – to analyze to what extent WI can indeed be comparable to nationally representative sources.

### 3.1 Comparing the distributions

The principal interest lies in testing if data from two sources come from the same distribution. This analysis poses two important challenges. First, the sample sizes in the two sources may differ substantially. Second, self-reported data, such as WI or labor force surveys, are likely to contain more round numbers, whereas administrative sources, such as structure of earnings survey, are likely to contain exact gross wages, which are rarely round. These two challenges necessitate that the tests to be employed make no assumptions about the underlying distribution of the data. Such requirement yields three candidate tests to compare the two samples: Kolmogorov-Smirnov test, Mann-Whitney U test and Epps-Singleton two-sample test. These three tests share the null hypothesis that both analyzed samples are drawn from the same population. However, the power of the tests varies.

The Kolmogorov-Smirnov (1933) test is the most widely used among the three and it is based on a comparison of the cumulative distribution function in the two samples. The test statistic is proportional

to the maximum discrepancy between the two samples. This test is sensitive to differences in the median, the shape, and the span of the distributions. It permits the use of survey/sample weights. However, its properties rely heavily on the assumptions of continuity of the distributions (the distributions should be fully specified). Moreover, it tends to be less sensitive if the discrepancy occurs in the upper tail of the distribution.

The Mann-Whitney U test (1947) follows a different approach. Instead of comparing cumulative distribution functions, it ranks all observations. Under the null hypothesis, that the two samples came from the same population, the ranks will be randomly distributed between the two samples. This implies that this test is better to capture changes in the location of the distribution, which are usually reflected at the median. In addition, Schmid and Trede (1995) demonstrated in a Monte Carlo experiment that if wages follow a Pareto distribution, the Mann-Whitney U test is more powerful than Kolmogorov-Smirnov.<sup>11</sup>

Finally, the Epps-Singleton test (1986) is based on the empirical characteristic function. When compared to the Mann-Whitney U test, the main advantage of Epps-Singleton lies on its ability to detect discrepancies in the location, family and scale (Goerg et al., 2009). When compared to Kolmogorov-Smirnov test, Epps-Singleton has two advantages. First, it is more flexible since the characteristic function is completely defined for discrete and continuous data. Second, it tends to be more powerful (Goerg et al., 2009).

Given the advantages and disadvantages for each test, we employ all three, adapting them to accommodate for sample weights. We provide systematic tests for each analyzed sample, with the null hypothesis that both WI sample and the alternative sample are drawn from the same population. We provide these tests for the raw WI data as well as for the WI data after applying the reweighting procedure, as described below.

### 3.2 Reweighting procedure

If tests reject the null hypothesis that data come from the same underlying distribution as the population, then suitability of the non-random sample from the population for reliable statistical inference without any further correction becomes questionable (Valliant and Dever, 2011). A possible solution to this problem is to reweight observations in the WI to make them resemble representative data. Steinmetz et al. (2009) use (the inverse of) the estimated propensity scores as weights.<sup>12</sup> Formally, the procedure involves running a probit/logit regression where the explained variable is the source (a binary variable that takes the value of one when an observation comes from benchmark data and zero otherwise). Then, one may define  $w_i = 1/(1 - P_B(X_i))$  for observations from the WI and  $w_i = 1/P_B(X_i)$  for observations coming from the benchmark sample, where  $P_B$  denotes the predicted probability from the estimation, otherwise called the propensity score.<sup>13</sup> Inverse propensity score weighting schemes give large weights to observations in WI survey that are very unlikely to be present in this sample and small weights to the observations that are frequent in this sample. We refer to these weights as inverse propensity score (IPS). By definition, such reweighting scheme cannot *balance* data from WI vis-a-vis a benchmark representative data, as it does not link *relative* frequencies between the two samples. For balancing to be achieved, procedure has to give higher weights to those observations that are common to both samples (conditional on characteristics), and a smaller weights to values specific for WI and rare in representative samples (conditional on characteristics). Moreover, Huber (2011) shows that weights constructed as inversed probabilities are more sensitive to a misspecification of the propensity score than alternative approaches, which rely on employing a matching estimator once the propensity score is obtained. Indeed, stratification is one of the matching estimators, but a relatively low-powered one (see the characterization of the available matching estimators by Caliendo and Kopeinig, 2008).

Moreover, the estimation of the propensity score with the use of the probit / logit (MLE) is in fact inferior to alternative methods, in particular in the case of non-randomly missing data (e.g. simulation and data examples from Imai and Ratkovic, 2014). Hence, a better solution is to rely on moment-based estimation in obtaining the propensity score. This approach was proposed by Imai and Ratkovic (2014) and yields propensity scores that, by construction, balance the covariates, hence the name Covariate



Balancing Propensity Score (CBPS) matching. The procedure is immune to the propensity score misspecification problem, as it exploits the dual nature of the propensity score as a covariate balancing score and the conditional probability of assignment to subsample.<sup>14</sup> Imai and Ratković (2014) notice that estimating the propensity score via maximum likelihood, as used typically, can be conveniently rewritten as a transformation of the sample moment conditions for the covariates that are used to obtain the propensity scores. In other words, the propensity score can be thought of as the (non)linear combination of individual characteristics that maximizes the probability that observations are correctly assigned to a subsample. Hence, one can recover weights that produce an exact balance of covariates, in our case – between the WI and the benchmark representative samples.

Conveniently, the derivation of the propensity score via moment-based estimation gives also clear interpretation for the theoretically warranted specification of the weights. Recall, that earlier studies used inverse propensity score, which by definition cannot balance samples from benchmark and WI data. In contrast, we rely on the theoretical result of Imai and Ratkovic (2014) and provide the weighting scheme which adjusts data from WI to reflect the structure of the sampling design used in when obtaining the benchmark sample. Specifically, the weights imposed on benchmark representative samples are equal to 1 for all observations in this data (conditional on utilizing survey weights in estimating the propensity score). Adapting Imai and Ratkovic (2014), this necessitates the following weights for the WI data:

$$w_i = \frac{N_B}{N} \cdot \frac{P_B(X_i)}{1 - P_B(X_i)}, \quad (1)$$

where  $N$  denotes total number of observations from WI and benchmark representative data,  $N_B$  denotes the number of observations in the benchmark representative data (B) and  $P_B(X_i)$  indicates the score for an observation  $i$ , obtained using the moment based approach offered by Imai and Ratkovic (2014). This score is analogous to the probability that observation  $i$  was obtained from the benchmark sample given its characteristics.

A conventional alternative to matching using CBPS is the maximum likelihood estimation of propensity scores with subsequent use of *balancing* weights. Given typically large sample sizes of the benchmark representative data relative to WI datasets, kernel weights appear as superior.<sup>15</sup> With kernel density matching, the weights for particular observations represent the distance between its propensity score and the scores of the observations from the benchmark sample. Formally, we follow Smith and Todd (2005) and Morgan and Harding (2006) and calculate the weights as:

$$w_i = \frac{G\left(\frac{P_{WI}(X_i) - P_B(X)}{a_n}\right)}{\sum_{i \in WI} G\left(\frac{P_{WI}(X_i) - P_B(X)}{a_n}\right)}, \quad (2)$$

where  $G(\cdot)$  is a kernel function,  $P_j(X)$  are conventionally estimated propensity scores, i.e. the conditional probability that an observation comes from a sample  $j$  given its characteristics, where  $j$  stands for WI data or the benchmark data; finally,  $a_n$  is the bandwidth parameter. Smith and Todd (2005) demonstrate that the results of the matching exercise are not dependent on the selection of this parameter (see the recent overview by Imbens and Wooldridge, 2009), nor on the functional form of the bandwidth, at least within reasonable limits. The algorithm for bandwidth selection follows Silverman (1986).

Kernel density weights (KD weights) display two main advantages relevant to our context. First, they do not require the researcher to make any arbitrary restrictions on how many and which observations to select from the control group. In fact, the computation of weights happens automatically for all observations. This leads to the second advantage of using the kernel density weights: a computed weight is a synthetic measure for each observation from WI of how similar it is to all observations from a representative sample. Thus, risk associated with bad matches is minimized, while each observation from WI may be included in subsequent analyses.

Clearly, one would want to balance WI and the benchmark representative data on the same variables, as are part of the sampling design for the benchmark representative samples: place of residence, age and gender. However, information on place of residence is often missing in WI or is reported in a way that does not permit straightforward comparison with the benchmark representative datasets.<sup>16</sup> Also, our

interest in this paper lies in salaries. Hence, we decide to include education in addition to age and gender in the matching procedure. While other human capital variables are asked for in the WI surveys – such as tenure, experience, occupation or industry – the proportion of missing values for these variables is much larger, a problem shared with many benchmark samples. Their inclusion as additional covariates would have led to a significant reduction in the sample size from the WI, and therefore we confined the matching variables to the most widely accessible. Summarizing, we use age, gender and education to obtain both weights: conventional propensity score with kernel matching and covariate balancing propensity score.

### 3.3 Testing for the bias after reweighting

We perform an Oaxaca-Blinder type decomposition as operationalized by Jann (2008)<sup>17</sup> on a Mincerian wage regression. We decompose the difference between WI and each benchmark sample into a part that is attributable to differences in individual endowments between the two datasets, also known as “explained” component; and a part that remains attributable to differences in the coefficients when wage regressions are estimated separately for each dataset. This second term is the “unexplained” component.<sup>18</sup> Since this decomposition is based on a regression approach, the use of weights is non-problematic.<sup>19</sup>

Performing an Oaxaca-Blinder decomposition has two main advantages. First, it provides an additional test of the quality of the balancing: a successful balancing implies that differences in characteristics should vanish in statistical terms. This is equivalent to stating that the explained component of the difference between wages from benchmark data and WI should be negligible. Hence, all the difference should be related to the unexplained component, that is to differences in coefficients. Second, the Oaxaca-Blinder decomposition allows distinguishing the contribution of each of the covariate to total differences in the coefficients, thus making it possible to identify the sources of the eventual differences between WI and the benchmark samples.<sup>20</sup>

An issue that arises with the use of Oaxaca-Blinder decomposition is the choice of the structure of wages to be considered as counter-factual for testing the hypotheses on the obtained parameters. We use the parameters from the benchmark samples. This choice is motivated by the key research question behind our paper. Thus, the counter-factual represents the wage that participants of the WI would have recorded in the benchmark samples if their characteristics were valued according to the same schedule as in benchmark samples.<sup>21</sup> Hence, a decomposition of the following form is run on reweighted data:

$$\ln \widehat{wage}^{WI} - \ln \widehat{wage}^B = \beta^B (\bar{X}^{WI} - \bar{X}^B) + \bar{X}^B (\beta^{WI} - \beta^B), \quad (3)$$

where  $X$  denotes the individual characteristics (i.e.: age, gender and education). In this approach,  $\beta$  denotes the estimated coefficients of the Mincerian wage regression of the form:  $\ln wage = \beta X + \epsilon$ . This regression is estimated for the WI (denoted by  $WI$ ) data and for the reference dataset of the benchmark representative data (denoted by  $B$ ) for each country, year and occasionally, when more than one nationally representative source is available, also for the source. If the WI data had the same representative features as the benchmark datasets, one would expect the difference  $\ln \widehat{wage}^{WI} - \ln \widehat{wage}^B$  to be equal to zero, in principle. However, it may also occur that the differences in (mean) wages, stem from differences in characteristics and once these are accounted for, there is no difference between the two *conditional* distributions of wages (i.e. conditional on individual characteristics). Then, the second term in expression (3) should be equal to zero and estimates of  $\beta$  obtained in the WI data would be just as reliable as the estimates from the benchmark representative data for the analyzed countries.

## 4 Data

The WI project pioneered large scale wage data collection directly from online questionnaires. The first results were already available in 2000. Initially, the project was restricted to the Netherlands, as the

survey was coordinated by the University of Amsterdam. In 2005, eight European countries joined the project. Since then, the number of participating countries increased to reach 96 countries from all over the world.<sup>22</sup>

In many regards, the questionnaires provided by the WI survey resemble those employed in traditional surveys, particularly labor force surveys. Respondents provide answers on wages and a large number of individual characteristics, such as year of birth, gender, occupation, household characteristics, etc. It also covers topics that are usually not included in standardized surveys, such as characteristics of the current employment, workers' attitudes and satisfaction, over-education, etc.

Nationally representative surveys are typically difficult to obtain and country-specific. We benefit from a large collection of harmonized nationally representative datasets, such as labor force surveys (LFS) and household budget surveys (HBS). In most countries where LFS and HBS are available, they come from random sampling from the population based on age, gender and residence. There are also alternative data, whose representativeness is warranted within the population used for sampling. An example is European Union Structure of Earnings Survey (EUSES), which comprises salaried workers within a segment of the enterprise sector defined independently for every country. The most frequent sample design comprises complete coverage in firms employing between 9 and 49 workers and random sampling within firms employing more than 49 workers, full time equivalent. EUSES data do not cover salaried workers from public institutions, neither in elected nor administrative positions. Weight design in EUSES allows researchers to generalize the surveyed population to all employed workers in the private sector. Hence, EUSES is not representative of the entire population.<sup>23</sup> Finally, we employ also large scale random-sampling surveys, following a coherent methodology. An example of such survey, which collects information partly analogous to WI, is International Social Survey Program (ISSP). While ISSP typically has smaller sample size than LFS or HBS, individuals are randomly sampled from the population.

The representative datasets that we use as a benchmark come from all three types of the above mentioned sources. First, we use the linked employer-employee data of administrative quality about gross wages. This type of data is available for Hungary from the country's Central Statistical Office as of 1992 (SES), as well as for all members of the European Union available from Eurostat as of 2002 (EUSES). Second, we use LFS and HBS collected by the central statistical offices of Argentina, Belarus, France, Germany, Great Britain and Poland. These are self-reported wage data, with large and nationally representative samples. Finally, we also employ self-reported data from the Russia Longitudinal Monitoring Survey (RLMS), the German Socio- Economic Panel (GSOEP), the British Household Panel Survey (BHPS) and the International Social Survey Program (ISSP). While samples from the latter source are often smaller relative to LFS or SES, nationally representative sampling was used to collect the surveys.

Such a large selection of micro-level datasets permits a comprehensive comparison of WI data to benchmark representative samples. For a given year in WI sample, we rely on more than one representative database, with differentiated sample size and designs. For example, SES is administered to employees of the enterprise sector, in some countries with the additional restriction that the employer has to be characterized by a sufficiently large number of employees. We utilize the same restrictions when matching WI data to these sources. In those cases, if needed information is missing - e.g. WI has no information on the industry of employer - the observations are dropped from the WI sample.

For the comparisons to be meaningful, we utilize WI samples that have a sufficiently large number of observations to maintain statistical properties. We set the threshold to at least 100 complete records in WI, i.e. complete information on age, education and gender.<sup>24</sup> Within a large collection of the individual-level micro-datasets we select those which match to WI in terms of country and year. Tables A1-A4 in the Appendix report the detailed list of sources and years for each analyzed country. In total we obtain 95 matching year and country representative datasets from 17 countries (92 for hourly wages). This collection of surveys represented in our study include advanced, catching up and developed economies from Europe, both Americas, and Africa.<sup>25</sup> We describe the benchmark data sources in more detail in Appendix A.1.

In both WI and the benchmark data the wages are reported in local currency unit from the same period, which makes comparisons immune to issues such as currency conversion or inflation. Wages are

typically reported in weekly, monthly or hourly manner. If only monthly wages were reported in the benchmark sample, we convert them to hourly wages by dividing monthly wages with weekly reported hours of work times 4.33. Similarly, if only weekly data are available in the benchmark sample, we convert it to hourly wages by dividing the weekly rate by the reported number of hours. In the case of three datasets, wages are reported in monthly terms and no data on hours worked is reported. These three datasets are dropped from the analyses, but for comparison purposes and as a robustness check, we also repeat the tests for monthly rather than hourly wages.

In parallel to wages, also age and education measures were harmonized between WI and the representative benchmark data. Age variable was recoded to age groups, commonly defined in all datasets. For education, we harmonize the information about educational attainment to three classes: tertiary or above, secondary and primary or below. We consider vocational education to be secondary education. Since we only match WI data to the data from the same country and the same year, country and time specific features concerning e.g. the role of vocational, secondary or tertiary education do not affect the quality of the matching.

## 5 Results

First, we show the outcomes of tests for the equality of wage distributions. These analyses are performed before balancing the samples. We then show the results of balancing and subsequently move to analyzing the differences in the schedules of wages after balancing. We compare the samples on the basis of two main outcome variables: hourly wages and monthly wages. When available, we use the actual indicator of hourly wages from the survey (WI or nationally representative).

### 5.1 Differences in wages before reweighting

Wage distributions from WI are in a vast majority of cases different from the distributions in the nationally representative data, as documented in Table 1. One obvious way to compare the two datasets is a simple statistic for the means from the two distributions to be equal. These tests show that 11 samples out of 95 have statistically similar means. However, such tests are unable to capture differences at other points of the wage distributions. We proceed to complement them with the tests described in Section 3. These results confirm that (hourly) wages in WI and nationally representative data differ in statistical sense. In fact, we reject the null hypothesis of wages coming from the same distribution in more than 95% of the cases. Rejection rate is actually within what it was expected for significance test with 5% confidence level.

With WI becoming more recognized and more reliable, one could expect that the rejections of the null hypothesis become more unlikely. To test explicitly this hypothesis we estimate a model with the mean difference between WI and benchmark data as an explained variable.<sup>26</sup>

[Insert Table 1 about here]

The set of explanatory variables contains nothing but fixed effects for country, data source and year. Hence, we may obtain conditional predictions of the difference for the consecutive years covered by WI that are “clean” of the country specificity and data source specificity. The results are reported in Figure 1 in the form of the conditional predictions with confidence intervals of 95%. Points below the zero line correspond to mean hourly wages in WI short of analogous value in benchmark nationally representative data. Time trends display no specific pattern. In fact, the differences in mean hourly wages tend to be large at all times, despite substantial increase in WI sample sizes.

[Insert Figure 1 about here]

As noted at the beginning, differences in wages could be a reflection of differences in sample composition. As suggested in the literature, differences in Internet access coupled with preferences of the individuals concerning its use could result in WI samples characterized by relatively younger and

better educated individuals. To identify sources of differences we estimate the mean values of several characteristics of interest (age, education and gender) on country, source and year fixed effects. Fitted values for the latter are plotted in Figure A1 in the Appendix.<sup>27</sup> In the case of age, differences appear to be widening over time: recent waves of WI are on average five to ten years younger than those in the representative sample. Similarly, we observe that participants in the WI are on average better educated, as the proportion of respondents with only primary studies is smaller in virtually all cases. Since the selectivity patterns appear to be systematic, we move now to balancing the WI samples to resemble nationally representative distributions in terms of human capital characteristics: age, gender and education.

## 5.2 Balancing WI data

We employ three key human capital indicators: gender, age and education. We make sure that the sample design of the benchmark nationally representative data is reflected in which observations from WI are used. For example, if samples of SES and EUSES cover private employers with 9 or more employees, full-time equivalent, we exclude individuals who do not meet these criteria from the WI data prior to matching. Hence, in those cases we work with a subpopulation of WI rather than the complete dataset.

We balance the distributions using the two approaches discussed earlier: Imai and Ratkovic (2014) estimator and kernel density matching estimator. To facilitate comparison, we provide tests also for the raw (unweighted) distributions and for the weighting scheme suggested by Steinmetz et al. (2009). The results are reported in Table 2, portraying the summary of variable-by-variable, pair-by-pair testing of balancing.<sup>28</sup> The results reveal that, in principle, WI and nationally representative data differ substantially, which was hinted already by Figure A1. Then, the method proposed by Steinmetz et al. (2009) works to some extent with the ISSP data, but in some cases may actually reduce the balancing. Weights derived from kernel density matching on a propensity score similar to Steinmetz et al. (2009) do better for the ISSP data, balancing majority of these samples. Admittedly, it is not as effective for other sources of data. Finally, our preferred weighting scheme, based on covariate balancing propensity score, is able to balance all the sources of the data. This result is embedded in the estimation method and thus should come as no surprise; but, in the context of the other methods, it shows the improvement in balancing that may be achieved by changing how weights are computed.

While the use of weights improves the balance of characteristics across samples, results for wage distributions are less encouraging. Repeating the exercise from Table 1 reveals that weighting with our preferred weights has some small effect on the match between the distributions of wages, see Table 3. In fact, there were three cases for wages and five cases for hourly wages when WI distributions were found to match the nationally representative data for the Mann-Whitney test and individual such cases for the other tests.

[Insert Table 2 and Table 3 about here]

In order to better understand to what extent the remaining differences in hourly wages are related to different wage schedules in WI relative to nationally representative data, we proceed to perform the Oaxaca-Blinder decompositions. We provide two alternative specifications for the unexplained component: with and without a constant. Such a choice is motivated by the fact that WI has two measures of wages: gross and net. By contrast, nationally representative datasets usually contain only one measure: either gross or net. What is more, countries differ in what is exactly the difference between the gross and the net.<sup>29</sup> Finally, in some of the countries in the sample, it is customary to contract on net wage (tax and social security contributions are effectively paid by the employer), whereas in others it is the gross wage that is more socially embedded. If the difference in the distributions between WI and nationally representative data was somehow driven by the confusion between gross and net wages, the specification of the Oaxaca-Blinder decomposition without a constant is able to accommodate for this fact. Admittedly, the differences in the constant might come from various sources, e.g. differences

in the survey design (specific phrasing of the question about wage), preference towards rounding earnings figures, etc. They all can display as differences in the constant between the two data sources. We keep the same human capital variables that we employed in the propensity score matching: age, education, and gender.

The results reported in Table 4 reveal that excluding a constant from the unexplained component of the Oaxaca-Blinder allows to achieve as many as 36 unbiased pairs of samples (out of 92) for hourly wages, of which 28 were obtained for balanced covariates and 8 despite the lack of balancing in the covariates. There are three datasets more if we analyze the conditional wage distributions instead of hourly wages. Note that the balancing weights are obtained for all the salaried workers, whereas the estimations of Oaxaca-Blinder (similar to the distribution tests discussed above) are only possible for salaried workers *who report wages*. The problem of missing information on wages is more pronounced in the survey benchmark representative data, hence making the sample participating in the regression different from the sample for which the balancing is obtained. By contrast, WI data typically always contains information on wages. This hints, that depending on the objective, researcher may want to balance the WI data to general characteristics of the analogous population in the representative data or to the population with similar information coverage, especially on wages. Notably, the two need not perfectly overlap. The more selective the information on wages in the nationally representative data is, the less similar the samples to the WI data, regardless of the differences in the survey design and data collection.

Comparing CPBS weights to the alternative schemes reveals that CBPS outperforms all others. In comparison to kernel weights, CBPS is able to make three additional databases conditionally similar. The difference is much larger for the inverse propensity score method proposed by Steinmetz et al. (2009): roughly 19 or 20 samples more are made conditionally similar (in the case of hourly wages and wages, respectively). This means that roughly half of samples cannot be effectively reweighed in terms of characteristics using the inverse propensity score method, but can be effectively reweighed with CBPS weights.

The number of unbiased estimators goes down to as few as 20 if we allow the constant to be a part of the unexplained component. These results suggest that differences in wage levels between the two samples (reflected in the constant) are important drivers of the unexplained component, while the marginal effects of human capital variables in the reweighted WI and the nationally representative data appear to be fairly comparable. Notwithstanding, significant differences occur more frequently in the comparisons to EU SES and national labor force surveys. In Tables A1-A4 in the Appendix, we present detailed results for the different types of data sources.<sup>30</sup>

[Insert Table 4 about here]

Overall, our results suggest that WI data should be used with caution, even after reweighting. One of the reasons for failure to reject the null hypothesis that the estimates from nationally representative datasets and WI are the same can stem from a relatively lower precision of the estimates obtained for WI. Arguably, with a smaller sample size, the estimates of the coefficients are likely to have wider confidence intervals. For very large sample size in WI, even if statistically significant, the differences are economically small. The opposite tends to hold for small sample sizes. Another interesting insight is that wages in some countries tend to be *overstated* in WI. Moreover, these deviations appear as large, 50-80% of mean/median wage. This pattern might reflect a self-selection process: people whose wages are systematically high for unobservable reasons, or at least those who report such wages, appear to be more willing to participate in the WI survey in some countries. Increasing the popularity of WI data is likely to reduce its selectivity both in terms of observable and in terms of unobservable characteristics. It is worth to mention that WI project was originally focused on specific labor market problems connected with discrimination, e.g. gender wage gap. Respondents are encouraged to take part in the survey in order to compare their salaries with similar respondents and check if they should earn more (e.g. SalaryCheck and minimum wage tools of WI referred to in Section 2). This feature of WI should have attracted those who expect that they might earn less.

This selection on unobservables appears to be particularly strong for several countries, for which the difference does not disappear even once the weighting is implemented. Namely, in Table A5 we report the estimated effects of a given country, controlling for year and data source. The explained variable in this regression is the difference in wages between WI and benchmark representative data (expressed as a percentage of the mean in the representative data), by analogy to results reported in Figure 1, however with two main differences. First, we include the regressions for the reweighted distributions. Second, we also show the results at the mean (to be analogous to the results from Oaxaca-Blinder results). Notably, some countries have significant fixed effects even after reweighting – e.g. Australia, Germany or Italy – whereas for some others the reweighting makes the difference statistically close to zero – e.g. Russia or Ukraine. Finally, for some selected countries the differences did not appear to be statistically different from zero even prior to reweighting – e.g. the Netherlands, Sweden or Finland. However, given that our sample includes 17 out of 90+ countries covered by WI, it would not be grounded to form judgment concerning the specificity of some countries.

To identify the patterns that could stand behind the country specificity and thus explain the scope of difference between WI and the benchmark nationally representative data, we run a toy analysis, where we regress the differential in log median wages (raw and reweighted with CBPS weights) on two country characteristics: income (proxied by GDP per capita) and Internet use (proxied by Internet penetration statistics). These results are reported in Table A6 in the Appendix revealing that higher income countries with more widespread Internet use tend to be characterized by lower differentials. These results might either come from a better matching or from an increase in the representativeness of the sample. In either case, it is possible to be optimistic about the future of the WI. The differences between WI and nationally representative data should shrink over time, for example due to the increase in the Internet penetration or to the higher awareness of the existence of the WI project. Both trends might increase participation in the WI and allow more analyses using these data. However, after correcting for differences in age, gender and education (i.e. after reweighting), neither variation in Internet penetration nor the income per capita have the explanatory power in the regressions. This suggests that while higher income and widespread Internet access may make participation more universal, WI data still has other selectivity patterns – unrelated to those observable characteristics – that drive systematic wage differentials.

## 6 Conclusion

Internet offers great opportunities for researchers to gather dedicated data, but it also poses potential difficulties. A critique of online surveys focuses on sampling: data from such sources do not have to be representative of the underlying population. Consequently, statistical inference and external validity are sometimes put in question. This problem might be particularly acute for social research as online surveys are often the only possible source of data. Administrative data or nationally representative public surveys hardly ever include questions on life or job satisfaction, work-life balance, feelings or attitudes, etc. which seem to be crucial for studying life conditions and life quality, whereas executing a dedicated nationally representative data is often prohibitively expensive. With the growing popularity of Internet and growing sample sizes in online surveys, many argue that the problem of representativeness is becoming less relevant. In this paper we provide empirical evidence of this conjecture. Specifically, we investigate the reliability of data from the Wage Indicator - a large scale multinational online survey. This survey covers a wide range of countries for a relatively long time span and contains a comprehensive set of variables, including human capital variables, employment characteristics, as well as satisfaction with different aspects of the job. Given its richness, the WI has enormous potential for research on labor for sociologists, psychologists, economists and anthropologists alike.

In order to assess its reliability, we compare data from WI to 95 nationally representative surveys from 17 countries – both industrialized and developing. We analyze the wage distributions and the individual characteristics. The results of this comparison suggest that participants of the WI do not come from a representative subpopulation. This different sample composition translates to differences in the

distribution of wages and hourly wages. The key contribution of our study is to provide a novel method to reliably ameliorate the differences in the sample compositions between WI and benchmark representative samples for these countries via reweighing. Our method draws on the recent developments in statistics, namely a covariate balancing propensity score estimator. The provided weights reduce the discrepancies in the individual characteristics across WI and benchmark nationally representative samples.

However, despite balanced populations, the reweighted wage distributions continue to differ. In fact, on average WI respondents tend to report higher wages than co-nationals with similar characteristics in representative surveys. Namely, WI respondents tend to be younger and better educated than a representative sample. Yet, compared to identical individuals from representative samples, WI respondents tend to report higher earnings. This feature holds for a large share of analyzed countries and years. It is beyond the scope of our study to determine if this disparity stems from systematic over-reporting in WI or self-selection into participating in WI. Hence, despite successful rebalancing of the WI samples' structure, our results cast a shadow of doubt on the use of WI data to obtain estimates with reference to the entire population of the countries participating in the WI. On the positive side, the proposed weights help to bring WI closer to the nationally representative samples in a large number of cases, as the estimates of the Mincerian wage regression from WI cease to be biased relative to the representative samples for many of the countries covered in this study. On the negative side, we find no confirmation that WI becomes closer to benchmark nationally representative data over time, *per se*. One would typically expect that once more users become used to this form of surveying and the more common it becomes, the more similar WI data should be to traditionally administered representative surveys. It appears that selectivity patterns associated with income and Internet access can be meaningfully corrected with the proposed weighting scheme. What cannot be corrected is the sample selection on unobservable characteristics: individual characteristics that affect both wages (and potentially other answers in WI) and the very participation in the survey.

The key caveat is that no weighting procedure to balance one dataset to replicate the structure of another dataset can make up for the observations missing in either of the sets. Although trivial, this fact is of paramount importance for assessing the applicability of online survey data for social research. While the balancing properties can be satisfied to make WI data resemble the nationally representative data for the observables – reweighting will leave three important issues unaddressed. First, self-reported data sources such as labor force survey, household budget survey and many social studies suffer from incomplete coverage on specific questions. This incomplete coverage may occur systematically, which confronts the researcher with the decision what is his benchmark sample for balancing the online survey data. This choice may have nontrivial consequences for the results. Second, online surveys may attract participants selectively on characteristics unobservable in the nationally representative data, but which are relevant for a given variable of interest in social or economic modeling. If that is the case, the obtained estimates remain biased even after weighting. Third, for some online survey data, the existing counterparts come from populations which purposefully do not fully overlap in terms of individual characteristics. If domains of the individual characteristics do not overlap, reweighting can only help to balance the matching sub-samples from the two sources. Admittedly, these three issues – non-random selection in nationally representative data, non-random unobservable selection into online surveys and common domain – are of substance to many research projects and deserve further analysis. The procedure proposed in our study – matching on covariate-balancing propensity score – is able to address common domain selection on observables, leaving the researcher with flexibility on whether to balance to full population or a subpopulation of interest. The search for proper methods to address the remaining issues can improve further the reliability of the online survey data in providing insights into policy and social sciences in the future.



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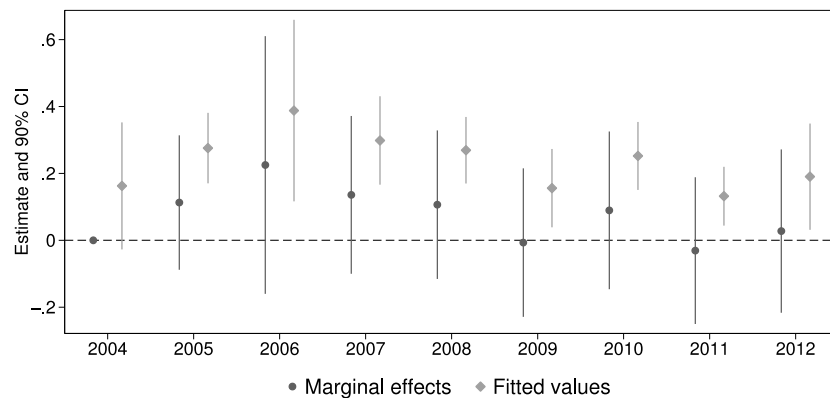
## Tables and Figures

Table 1: Tests for equality of the wage distributions for WI and benchmark data

	Kolmogorov-Smirnov		Mann-Whitney U		Epps-Singleton	
	Wage	Hourly wage	Wage	Hourly wage	Wage	Hourly wage
Do not reject H0	3	2	6	3	1	2
Reject H0	92	90	89	89	92	90
N	95	92	95	92	93	92

Notes: Analysis comprises only countries/years for which sample size in WI exceeds 100 observations. Information on hours missing in three datasets, hence a lower number of observations for hourly wages. The null hypothesis (H0) states that both samples were drawn from the same distribution. The alternative hypothesis indicates the cases where we reject the null hypothesis at the 5% confidence level. Benchmark representative samples utilize survey weights, whenever available. Detailed case-by-case test statistics available upon request.

Figure 1: Hourly wages: distribution of differences between WI and benchmark data



Notes: Figure presents predicted differences in (log) median hourly wages between WI and nationally representative samples. Predicted values come from a regression where the dependent variables is the difference in average hourly wages as a percentage of hourly wages in the representative sample. Values above one indicate higher wages being reported in WI. Regression also includes controls for country and source. Regression does not control for differences in characteristics between respondents of WI and nationally representative samples.

Table 2: Balancing of the characteristics between WI and benchmark nationally representative data

Source	No balancing			IPS weights			Kernel density weights			CBPS		
	None	1 or 2	All	None	1 or 2	All	None	1 or 2	All	None	1 or 2	All
BHPS	0	0	4	0	0	4	3	1	0	4	0	0
EUSES	0	4	13	0	2	15	0	2	15	17	0	0
GSOEP	0	0	4	0	0	4	1	3	0	4	0	0
ISSP	0	7	58	1	19	45	32	22	19	65	0	0
Others	0	9	24	0	2	31	0	7	26	33	0	0

Notes: Table shows the frequency in the rejection of the null hypothesis that sample is balanced. None signifies the number of samples where all covariates are balanced, all signifies the cases where no covariates are balanced, and 1 to 2 signifies the number of samples where some covariates are balanced. Column titled *Kernel weights* obtains weights from propensity score using the kernel matching algorithm. Columns titled *IPS* use inverse propensity score weights, which replicate the approach employed in Steinmetz et al (2009). In both cases, propensity scores were obtained from a probit regression on age, gender and education level. Weights were obtained for all databases, including those for which later analysis of the wage structure are not performed, e.g. where benchmark data contains only categorical information on wages. Hence, we report results for 123 datasets at hand, whereas the remaining analysis is performed for 92/95 datasets, for which continuous information on wages is available (see Table A1-A4 for details on data availability per country, year and data source).

Table 3: Wage distribution after weighting with CBPS weights

	Kolmogorov-Smirnov		Mann-Whitney U		Epps-Singleton	
	Wage	Hourly wage	Wage	Hourly wage	Wage	Hourly wage
Do not reject H0	0	3	7	8	1	3
Reject H0	95	89	88	84	92	89
N	95	92	95	92	93	92

Notes: The null hypothesis (H0) states that both samples were drawn from the same distribution. The alternative hypothesis (H1) indicates rejections of the null hypothesis at the 5% confidence level.

Table 4: Oaxaca-Blinder decompositions after weighting

Endowments	Hourly wages					Wages				
	Coefficients					Coefficients				
	Constant	No Constant				Constant	No Constant			
	H0	H1	H0	H1	Total	H0	H1	H0	H1	Total
CBPS										
H0	6	26	22	10	32	5	37	31	11	42
H1	1	59	17	43	60	0	53	10	43	53
Total	7	85	39	53	92	5	90	41	54	95
Kernel density weights										
H0	3	16	8	11	19	5	26	19	12	31
H1	2	71	17	56	73	2	62	18	46	64
Total	5	87	25	67	92	7	88	35	60	95
IPS weights										
H0	0	12	3	9	12	2	22	9	15	24
H1	2	78	16	64	80	0	71	13	58	71
Total	2	90	19	73	92	2	93	22	73	95

Notes: The null hypothesis (H0) states that the joint estimate of the differences between samples in a pair is statistically insignificant (at the 5% level). Rejection of this hypothesis (H1) states that endowments and/or coefficients differ between the samples in a pair. Specification with a constant includes constant from Mincerian wage regression in the test for equality of coefficient as part of the unexplained component in the Oaxaca-Blinder decomposition. The opposite holds for a specification without a constant. CBPS, Kernel density and IPS indicate three weighting schemes used to balance covariates. Please see notes to Table 2 for more details.

## A Appendices

### A.1 Data sources

The databases used as a benchmark can be grouped into five categories, depending on the collection method, the participation rates and the main focus of the survey. Below, we provide a brief description of the different categories, while in Tables A1- A4 we present a full list of the countries and periods under analysis.

**Structure of earnings survey (SES)** These data come from employer records and report gross and net wages for a randomized sample of employees. Typically, large employers (50+) are automatically included in the sample, whereas smaller employers are randomly invited to participate. Since participation is mandatory, response rates approach 100%. An important advantage of these data for the analysis of labor market phenomena lies on their relatively large sample size and in the accuracy in the measure of key variables, such as wages, hours worked, as well as in industry and occupation classifications; however, data on household characteristics are usually absent in these surveys. SES data from Hungary, collected since 1994 is released annually. SES for Poland, collected since 1998 is released biennially. For the other countries, Eurostat releases SES data every four years, starting from 2002 onwards. Comparing WI data to SES data we analyze only salaried workers from the enterprise sector, with the respective limits on the size of the employer in case it is implied by SES sampling design. More information can be obtained from the website of the Eurostat: <http://ec.europa.eu/eurostat/web/microdata/structure-of-earnings-survey>.

**Labor force survey (LFS)** These surveys are typically collected quarterly, and they include reliable data on individual, firm and contract characteristics. While individual data are universally available, wage data are collected in few countries (and often not in all quarters). Similarly, in some cases, such as the EU-Labor Force Survey, wages are only provided within bands, which limits its usefulness for the study of wage determinants. For this study, we employ LFS data for Argentina France, Great Britain and Poland. By sampling design, Argentinian labor force survey focuses on urban districts, which leaves the rural area unrepresented. More information about each respective country survey may be obtained from the websites of the countries' statistical offices.

**Household budget survey** Similar to LFS, this is a representative standardized survey implemented in most developed economies, typically with an annual frequency. The main difference with the LFS is that the emphasis is set on income sources, with less information on firm and contract characteristics. For this study we employ HBS data on Belarus, which is the only database with representative data on wages and hours for this economy. As in the case of LFS, more information is provided online by the country statistical offices of the respective countries.

**International Social Survey Program (ISSP)** This is a representative survey that focuses on attitudes and beliefs. The survey contains an internationally comparable roster with data on demographics, education, labor market and household structure. Given its wide availability, the data is used for labor market analyses despite relatively small sample sizes, e.g. Blau and Kahn (2003). More information is available on <http://www.issp.org>.

**Russia Longitudinal Monitoring Survey (RLMS)** This survey is collected by the University of North Carolina at Chapel Hill (in the United States) since the early 1990's. It follows a sample of households, which is replenished to prevent attrition and ensure representativeness over time. Respondents are asked a rather comprehensive list of questions, including labor market histories, outcomes, academic performance, and family characteristics. More information is available on <http://www.cpc.unc.edu/projects/rlms-hse>.

**British Household Panel Survey (BHPS)** This survey is a panel collected by the Office for National Statistics in the United Kingdom between 1991 and 2008. It follows a random sample of households, replenished to account for sample attrition. The questionnaire comprises, among others the house-hold

roster for all household members with demographic and educational data and labor market questions for all adult household members. More information is available on <http://www.iser.essex.ac.uk/bhps>.

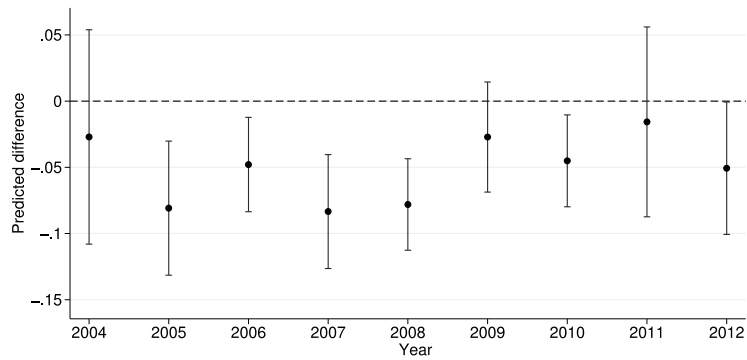
**German Socio-Economic Panel (GSOEP)** In parallel to PSID in the US and BHPS, this is a panel survey with representative sampling which follows individual households over time. The survey was started in West Germany in 1982 and East Germany is covered as of 1992. The questionnaire covers individual characteristics, labor market events, dwelling and in selected years ad hoc modules on consumption, mobility patterns, etc. More information is available on <http://www.diw.de/en/soep>.



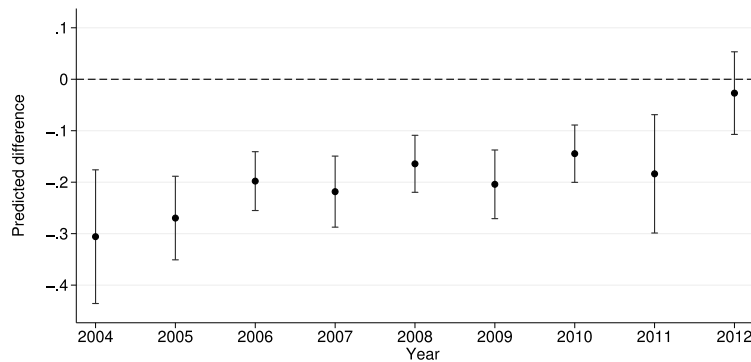
## A.2 Additional results and robustness checks

Figure A1: Tests for equality between WI and other databases

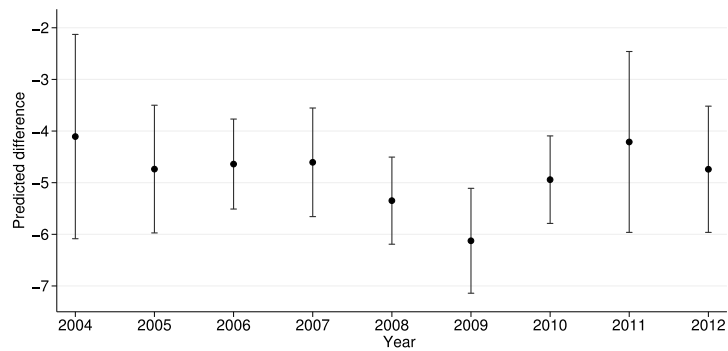
(a) Differences in the proportion of females



(b) Differences in proportion of individuals with primary education



(c) Differences in age



Notes: Figures (a) to (c) present predicted differences in proportions and means between WI and nationally representative samples and 95% confidence intervals. In all cases, negative values indicate that the mean (proportion) was lower in the WI data. Regressions includes country and data source fixed effects.

Table A1. Detailed results: covariate balancing using CBPS by Imai and Ratkovic (2014) for benchmark data with continuous measurement of wages

Source	Country	Year	Data used	Difference at				# observations	
				median (as % bias)		mean (as % bias)		WI	B
				w\o weights	w\ CBPS weights	w\o weights	w\ CBPS weights		
BHPS	UK	2005	All	21.78	4.72E-07	26.56	1.12E-06	9062	10006
BHPS	UK	2006	All	22.72	8.09E-07	24.14	1.09E-06	19431	9528
BHPS	UK	2007	All	13.77	2.71E-06	26.72	3.19E-06	8751	9050
BHPS	UK	2008	All	15.49	3.34E-06	28.44	3.22E-06	10611	8855
EUSES	FI	2006	All	16.37	8.07E-06	18.52	7.98E-06	11232	289798
EUSES	FI	2010	All	23.69	2.41E-05	24.10	7.96E-05	1033	290006
EUSES	FR	2010	All	46.08	0.001603	49.91	0.001632	399	209454
EUSES	DE	2010	All	17.11	6.4E-05	22.09	6.53E-05	14299	1715734
EUSES	HU	2006	All	9.54	4.14E-05	10.66	4.34E-05	7124	746470
EUSES	HU	2010	All	13.42	0.000923	14.01	0.000879	487	804343
EUSES	NL	2002	All	20.90	5.07E-06	20.52	4.8E-06	10825	77868
EUSES	NL	2006	All	14.23	4.21E-06	14.17	3.53E-06	32501	139236
EUSES	NL	2010	All	12.81	2.49E-06	13.65	2.39E-06	18747	155622
EUSES	PL	2006	All	31.98	0.000585	35.49	0.000629	3005	635042
EUSES	PL	2010	All	36.59	0.013489	35.99	0.014498	106	663969
EUSES	SK	2010	All	50.17	0.011798	45.50	0.015037	123	741382
EUSES	ES	2006	All	21.46	2.64E-05	26.25	2.49E-05	4200	224616
EUSES	ES	2010	All	31.32	2.2E-05	38.51	1.94E-05	3114	206752
EUSES	SW	2010	All	35.73	0.00018	39.04	0.000202	1860	252740
EUSES	UK	2006	All	22.30	3.53E-06	21.54	3.31E-06	18045	119852
EUSES	UK	2010	All	23.89	7.89E-05	28.36	8.13E-05	1816	160191
GSOEP	DE	2005	All	36.09	1.41E-06	33.04	1.46E-06	36089	13205
GSOEP	DE	2006	All	28.36	7.7E-07	27.20	1.05E-06	35857	13927
GSOEP	DE	2007	All	27.44	2.02E-06	27.99	1.81E-06	12725	12960
GSOEP	DE	2008	All	22.51	1.58E-06	20.49	1.23E-06	26493	12019
ISSP	AU	2012	All	28.06	2.43E-06	36.47	5.21E-06	315	934
ISSP	FI	2005	All	24.34	1.37E-06	32.36	1.44E-06	4600	924
ISSP	FI	2006	All	13.41	4.78E-06	20.14	8.61E-06	14727	794
ISSP	FI	2007	All	9.39	1.27E-06	17.56	1.87E-06	2075	891
ISSP	FI	2008	All	13.35	5.54E-07	21.90	1.1E-06	7745	755
ISSP	FI	2009	All	8.82	3.52E-07	16.13	5.45E-07	4930	563
ISSP	FI	2010	All	23.59	2.52E-06	24.92	2.93E-06	1110	794
ISSP	FI	2012	All	25.24	2.2E-06	23.85	2.28E-06	465	755
ISSP	FR	2012	All	27.35	2.51E-05	32.92	2.72E-05	98	1512
ISSP	DE	2004	All	25.73	2.27E-06	30.30	2.25E-06	7095	896
ISSP	DE	2005	All	39.69	1.55E-06	40.49	1.48E-06	36089	1115
ISSP	DE	2006	All	25.37	6.9E-07	29.82	1.02E-06	35857	1095
ISSP	DE	2007	All	31.45	1.03E-06	31.30	1.09E-06	12725	1095
ISSP	DE	2008	All	23.51	1.66E-06	23.17	1.7E-06	26493	1091
ISSP	DE	2009	All	25.40	1.78E-06	23.50	1.89E-06	21484	927
ISSP	DE	2010	All	24.63	2.09E-06	27.45	1.95E-06	19459	928
ISSP	DE	2012	All	21.59	4.65E-06	23.98	4.95E-06	14541	1160
ISSP	HU	2006	All	5.84	2.1E-06	15.14	1.9E-06	8740	677
ISSP	HU	2008	All	13.38	3.14E-06	29.23	3.32E-06	1017	728
ISSP	HU	2009	All	16.91	2.67E-06	36.90	2.57E-06	476	771
ISSP	ITA	2008	All	54.90	1.3E-05	48.00	1.74E-05	331	654
ISSP	MX	2007	All	31.04	2.41E-06	38.19	3.8E-06	503	1218
ISSP	MX	2008	All	32.80	1.44E-06	42.24	1.9E-06	5748	1143
ISSP	MX	2010	All	38.92	1.36E-06	50.45	1.72E-06	3914	1152
ISSP	MX	2012	All	32.10	2.85E-06	35.05	5.79E-06	1899	1150
ISSP	PL	2006	All	28.41	1.41E-05	40.53	1.79E-05	3696	888
ISSP	PL	2007	All	24.56	2.83E-06	40.96	2.55E-06	4426	888
ISSP	PL	2008	All	21.36	1.85E-06	32.13	1.69E-06	2829	895
ISSP	PL	2009	All	28.43	5.6E-06	32.28	7.22E-06	1243	895

ISSP	RU	2010	All	28.00	2.05E-06	62.77	2.14E-06	5692	1104
ISSP	RU	2012	All	32.95	1.7E-06	59.09	1.93E-06	4445	990
ISSP	SW	2008	All	38.60	1.18E-05	46.88	1.45E-05	745	816
ISSP	SW	2009	All	26.37	4.7E-06	35.28	6.32E-06	1249	739
ISSP	SW	2010	All	27.20	3.17E-06	33.76	3.9E-06	2125	758
ISSP	UKR	2009	All	63.06	1.38E-05	83.18	1.67E-05	722	1395
ISSP	HU	2007	<sup>a</sup>	5.69	1.1E-06	14.36	1.04E-06	3245	762
ISSP	UK	2008	<sup>a</sup>	19.35	1.93E-06	26.49	1.8E-06	10611	1908
Other	AR	2007	All	27.12	7E-06	43.62	7.28E-06	12278	30232
Other	AR	2008	All	35.64	2.25E-05	41.70	2.3E-05	4095	60794
Other	AR	2009	All	32.31	3.36E-05	39.52	3.97E-05	4042	58520
Other	AR	2010	All	26.73	7.5E-06	37.08	8.99E-06	7668	58016
Other	AR	2011	All	23.24	8.31E-06	32.67	1.3E-05	7174	57807
Other	AR	2012	All	27.07	2.18E-05	39.36	2.17E-05	4775	56278
Other	FR	2008	All	30.48	0.000626	34.37	0.000827	334	120894
Other	FR	2010	All	33.76	0.003915	39.20	0.006734	537	166313
Other	FR	2011	All	25.66	0.00555	29.43	0.006321	183	173410
Other	FR	2012	All	31.28	0.007897	32.85	0.008608	83	171263
Other	HU	2006	All	14.63	8.74E-05	27.29	8.01E-05	6859	500735
Other	HU	2007	All	27.36	0.000221	29.05	0.000386	1150	479976
Other	HU	2008	All	29.75	0.001155	32.44	0.001103	718	452161
Other	HU	2009	All	31.98	0.002384	33.41	0.002041	333	468573
Other	HU	2010	All	20.61	0.001677	27.90	0.001646	400	467188
Other	HU	2011	All	9.92	0.002345	26.93	0.002462	427	459585
Other	HU	2012	All	25.16	0.003102	32.21	0.002961	274	473677
Other	PL	2005	All	43.45	5.55E-06	45.94	5.72E-06	3853	11742
Other	PL	2006	All	48.00	3.03E-06	42.59	5.36E-06	3024	8481
Other	PL	2007	All	20.82	5.58E-06	38.83	4.67E-06	3787	10201
Other	PL	2008	All	21.15	2.08E-06	35.32	2.07E-06	2522	9282
Other	PL	2009	All	43.48	3.82E-06	39.40	6.1E-06	883	9178
Other	RU	2010	All	23.84	1.33E-05	50.71	1.69E-05	5203	8130
Other	RU	2011	All	23.64	7.06E-06	43.24	1.11E-05	2719	8040
Other	UK	2004	All	13.45	5.12E-05	12.80	8.57E-05	465	121800
Other	UK	2005	All	16.95	1.73E-05	19.06	1.79E-05	8619	148979
Other	UK	2006	All	16.49	4.85E-06	17.78	5.81E-06	18152	156102
Other	UK	2007	All	14.99	2.52E-05	18.58	2.1E-05	7314	153173
Other	UK	2008	All	16.48	9.25E-06	21.42	9.6E-06	9691	149629
Other	UK	2009	All	21.30	0.000102	28.00	0.000173	1777	141254
Other	UK	2010	All	19.19	4.8E-05	21.30	5.38E-05	1831	135081
Other	UK	2011	All	26.58	6.23E-05	32.50	7.45E-05	1327	132048
Others	BL	2011	<sup>a</sup>	49.14	1.1E-06	71.77	4.06E-06	26190	8814

Notes: the table presents the detailed results of the paper using our preferred weights: Imai and Ratkovic (2014) covariate balancing propensity score (CBPS). WI denotes data from WI project. B denotes benchmark nationally representative data. The number of observations differs between Tables A1 and A2, A3 or A4, because Table A1 reports all the records, whereas Tables A2, A3 and A4 only those records, which contain the wage data, hourly wage data and categorical wage data, respectively. Wage data may be missing for individual records in both WI and benchmark samples, hence creating room for contribution of characteristics to differences in wage distributions.

Sources in the group others are the Household Budget Survey, for Belarus; the Structure of Earnings Survey for Hungary; the Russia Longitudinal Monitoring Survey for Russia; and the Labor Force Survey for Argentina, France, Poland and the United Kingdom. Column *Data used* indicates whether the sample was included in all stages of the analysis. <sup>a</sup> denotes datasets where only total wages could be used (missing information on hours). Estimated bias after CBPS are expressed as multipliers of  $10^{(-e)}$ .

Table A2. Detailed results: covariate balancing using CBPS by Imai and Ratkovic (2014) for benchmark data with continuous measurement of monthly wages

Source	Country	Year	Data used	Balancing	Oaxaca-Blinder decomposition						# observations	
					Difference	Endowments	w/ const.	w/o const.	WI	B		
BHPS	UK	2005	All	Yes	0.78 ***	-0.01	0.82 ***	0.17 ***		7729	3841	
BHPS	UK	2006	All	Yes	0.9 ***	-0.01	0.92 ***	0.07		15993	3578	
BHPS	UK	2007	All	Yes	0.87 ***	-0.02 **	0.87 ***	0.09		6868	3462	
BHPS	UK	2008	All	Yes	0.8 ***	-0.01	0.8 ***	0		8781	3352	
EUSES	FI	2006	All	Yes	0.1 ***	0.01 ***	0.09 ***	0.13 ***		8406	289798	
EUSES	FI	2010	All	Yes	0.02 ***	0 ***	0.01 ***	0.18 ***		955	290006	
EUSES	FR	2010	All	Yes	-0.19 ***	-0.01 ***	-0.13 ***	0.37 ***		247	209454	
EUSES	DE	2010	All	Yes	0.49 ***	0 ***	0.49 ***	-0.19 ***		13074	1715659	
EUSES	HU	2006	All	Yes	-0.03 ***	-0.01 ***	-0.02 ***	-0.02 ***		5825	745365	
EUSES	HU	2010	All	Yes	0.02 ***	0.02 ***	0.01 ***	-0.52 ***		376	802648	
EUSES	NL	2002	All	Yes	0.08 ***	0	0.08 ***	0.08 ***		10774	77868	
EUSES	NL	2006	All	Yes	0.43 ***	0.03 ***	0.4 ***	0.03 ***		20424	139236	
EUSES	NL	2010	All	Yes	0.2 ***	0.06 ***	0.14 ***	0.12 ***		12630	155607	
EUSES	PL	2006	All	Yes	-0.06 ***	0 ***	-0.06 ***	0.05 ***		2363	635042	
EUSES	PL	2010	All	Yes	-0.24 ***	-0.01 ***	-0.22 ***	-0.82 ***		72	663969	
EUSES	SK	2010	All	Yes	0.16 ***	0.01 ***	0.11 ***	-1.12 ***		91	741382	
EUSES	ES	2006	All	Yes	0.52 ***	0.05 ***	0.46 ***	-0.02 **		2487	224616	
EUSES	ES	2010	All	Yes	0.31 ***	0.03 ***	0.26 ***	-0.1 ***		1960	206752	
EUSES	SW	2010	All	Yes	0.1 ***	0.01 ***	0.09 ***	0.23 ***		1708	252740	
EUSES	UK	2006	All	Yes	0.92 ***	0.02 ***	0.9 ***	0.02		14841	119852	
EUSES	UK	2010	All	Yes	0.52 ***	0.02 ***	0.5 ***	0.35 ***		1209	160191	
GSOEP	DE	2005	All	Yes	-0.29 ***	-0.05 ***	-0.25 ***	0.12 ***		33157	8846	
GSOEP	DE	2006	All	Yes	-0.3 ***	-0.06 ***	-0.26 ***	0.05		33234	9224	
GSOEP	DE	2007	All	Yes	-0.38 ***	-0.06 ***	-0.33 ***	0.15 ***		11684	8888	
GSOEP	DE	2008	All	Yes	-0.34 ***	-0.05 ***	-0.3 ***	0.07 *		24418	8488	
ISSP	AU	2012	All	Yes	0.2 *	0.02	0.19 *	-0.09		144	682	
ISSP	FI	2005	All	Yes	0.02	0	0.01	-0.03		4384	856	
ISSP	FI	2006	All	Yes	0.32 *	0.02	0.31 *	0.05		10907	730	
ISSP	FI	2007	All	Yes	0.19 ***	-0.01	0.2 ***	-0.04		1948	812	
ISSP	FI	2008	All	Yes	0.24 **	0	0.24 **	0.02		7333	676	
ISSP	FI	2009	All	Yes	0.22 *	0.01	0.21 *	0.08		4570	529	
ISSP	FI	2010	All	Yes	0.25 ***	0.01	0.24 ***	-0.02		1017	742	
ISSP	FI	2012	All	Yes	0.18 ***	0.01	0.17 ***	0.28		356	597	
ISSP	FR	2012	All	Yes	0.66 ***	0.04 **	0.92 ***	-0.2		55	1216	
ISSP	DE	2004	All	Yes	0.79 ***	-0.02	0.8 ***	0.08		6593	742	
ISSP	DE	2005	All	Yes	0.92 ***	-0.01	0.93 ***	0.06		33157	856	

ISSP	DE	2006	All	Yes	3.4	***	0	3.4	***	-0.11	33234	848		
ISSP	DE	2007	All	Yes	0.77	***	-0.01	0.79	***	-0.07	11684	854		
ISSP	DE	2008	All	Yes	0.84	***	-0.01	0.84	***	0	24418	876		
ISSP	DE	2009	All	Yes	0.75	***	0	0.75	***	0.08	20846	750		
ISSP	DE	2010	All	Yes	0.73	***	-0.01	0.74	***	-0.07	17255	760		
ISSP	DE	2012	All	Yes	0.94	***	0	0.93	***	-0.12	11967	991		
ISSP	HU	2006	All	Yes	0.27	***	0.01	0.26	***	-0.11	6913	544		
ISSP	HU	2008	All	Yes	0.44	***	0.01	0.42	***	0.07	649	521		
ISSP	HU	2009	All	Yes	0.63	***	0.02	0.61	***	-0.43	***	316	630	
ISSP	ITA	2008	All	Yes	0.64	***	-0.01	0.64	***	-0.2	253	234		
ISSP	MX	2007	All	Yes	0.28	***	-0.01	0.28	***	-0.53	**	299	596	
ISSP	MX	2008	All	Yes	0.34	*	0	0.36	**	-0.76	3678	392		
ISSP	MX	2010	All	Yes	0.08		0.03	0.06		0.17	2473	407		
ISSP	MX	2012	All	Yes	-0.21	*	-0.03	-0.1		-0.74	*	948	476	
ISSP	PL	2006	All	Yes	0.42	***	-0.06	**	0.5	***	0.05	2821	495	
ISSP	PL	2007	All	Yes	0.8	***	-0.05	*	0.83	***	-0.08	3744	495	
ISSP	PL	2008	All	Yes	0.77	***	-0.03		0.79	***	-0.44	*	2381	558
ISSP	PL	2009	All	Yes	0.47	***	-0.06	***	0.55	***	-0.04	993	558	
ISSP	RU	2010	All	Yes	-0.02		-0.01	-0.02		0.17	3603	619		
ISSP	RU	2012	All	Yes	-0.29	**	0	-0.29	**	-0.35	2401	711		
ISSP	SW	2008	All	Yes	0.28	***	0.01	0.26	***	-0.07	531	751		
ISSP	SW	2009	All	Yes	0.33	***	0	0.31	***	-0.18	*	1110	686	
ISSP	SW	2010	All	Yes	0.11		0.02	0.08		-0.23	1940	680		
ISSP	UKR	2009	All	Yes	0.35	***	-0.03	0.36	***	0.3	376	815		
ISSP	HU	2007	a	Yes	0.63	***	0.02	0.61	***	-0.04	2895	620		
ISSP	UK	2008	a	Yes	-1.53	***	-0.03	-1.51	***	-0.15	8781	1482		
Other	AR	2007	All	Yes	0.64	***	0.02	***	0.63	***	-0.56	***	8727	27140
Other	AR	2008	All	Yes	0.72	***	0.01	***	0.71	***	-0.53	***	2480	54459
Other	AR	2009	All	Yes	0.64	***	0.03	***	0.61	***	-0.46	***	2705	52866
Other	AR	2010	All	Yes	0.49	***	0.01	***	0.47	***	-0.43	***	4899	52457
Other	AR	2011	All	Yes	0.39	***	0.01	***	0.38	***	-0.33	***	3859	52525
Other	AR	2012	All	Yes	0.28	***	0.02	***	0.25	***	-0.81	***	2538	51262
Other	FR	2008	All	Yes	0.18	***	0.04	***	-0.81	***	1.67	***	133	36322
Other	FR	2010	All	Yes	0.19	***	0	**	0.24	***	-0.03	325	47371	
Other	FR	2011	All	Yes	0.46	***	0.04	***	0.45	***	0.25	***	109	49911
Other	FR	2012	All	Yes	0.14	***	0.1	***	0.05	***	-0.14	50	49408	
Other	HU	2006	All	Yes	0.22	***	-0.01	***	0.23	***	-0.02	***	5643	500735
Other	HU	2007	All	Yes	0.49	***	0.01	***	0.48	***	0.11	***	1057	479975
Other	HU	2008	All	Yes	0.18	***	-0.01	***	0.17	***	0.4	***	498	452161
Other	HU	2009	All	Yes	0.25	***	0	***	0.27	***	-0.07	**	230	468573
Other	HU	2010	All	Yes	0.32	***	0.01	***	0.3	***	-0.21	***	313	467188
Other	HU	2011	All	Yes	0.38	***	0	***	0.38	***	-0.34	***	288	459585
Other	HU	2012	All	Yes	0.51	***	0.02	***	0.47	***	0.25	***	178	473677

Other	PL	2005	All	Yes	0.75 ***	0.02 ***	0.74 ***	-0.13 ***		3318	7847
Other	PL	2006	All	Yes	0.76 ***	0.02 ***	0.74 ***	0.25 ***		2378	5696
Other	PL	2007	All	Yes	0.97 ***	0.02 ***	0.95 ***	0.09 *		3223	6865
Other	PL	2008	All	Yes	0.88 ***	0.03 ***	0.84 ***	0.09		2113	4814
Other	PL	2009	All	Yes	0.68 ***	0.03 ***	0.65 ***	0.24 ***		710	4287
Other	RU	2010	All	Yes	0.14 ***	0	0.12 ***	0.49 ***		3254	7488
Other	RU	2011	All	Yes	-0.08 ***	0.01	-0.08 ***	-0.66 ***		1491	7402
Other	UK	2004	All	Yes	2.09 ***	0.02 ***	2.08 ***	0.69 ***		400	36378
Other	UK	2005	All	Yes	2.35 ***	0.01 ***	2.35 ***	0.25 ***		7348	44126
Other	UK	2006	All	Yes	2.44 ***	0.01 ***	2.42 ***	0.2 ***		14930	45238
Other	UK	2007	All	Yes	2.34 ***	0.01 ***	2.33 ***	0.03 **		5723	45846
Other	UK	2008	All	Yes	2.28 ***	0.01 ***	2.27 ***	0.16 ***		8004	44654
Other	UK	2009	All	Yes	1.87 ***	0	1.88 ***	0.3 ***		1048	41476
Other	UK	2010	All	Yes	2 ***	0.02 ***	1.99 ***	0.36 ***		1219	40291
Other	UK	2011	All	Yes	1.86 ***	0.02 ***	1.87 ***	0.56 ***		858	37548
Others	BL	2011	a	Yes	2.39 ***	0	2.42 ***	0.1		13501	7153

Notes: Table presents the detailed results of the paper using our preferred weights: Imai and Ratkovic (2014) covariate balancing propensity score (CBPS). WI denotes data from WI project. B denotes benchmark nationally representative data. Sources in the group others are the Household Budget Survey, for Belarus; the Structure of Earnings Survey for Hungary; the Russia Longitudinal Monitoring Survey for Russia; and the Labor Force Survey for Argentina, France, Poland and the United Kingdom. Column *Data used* indicates whether the sample was included in all stages of the analysis.

<sup>a</sup> denotes datasets where only total wages could be used (missing information on hours). In results of the Oaxaca-Blinder decomposition, we include the part attributable to differences in characteristics (endowments) and two specifications for the unexplained component: with and without the constant. The difference might not be equal to the sum of the components due to rounding. \*, \*\*, \*\*\* indicates that the component was significant at the 10%, 5% and 1% level, respectively. T-statistics and p-values available upon request.

Table A3. Detailed results: covariate balancing using CBPS by Imai and Ratkovic (2014) for benchmark data with continuous measurement of hourly wages

Source	Country	Year	Data used	Balancing	Oaxaca-Blinder decomposition – Hourly wages								# observations	
					Difference	Endowments	w/ const.	w/o const.	WI	B				
BHPS	UK	2005	All	Yes	0.23	***	-0.02	***	0.24	***	-0.1	***	8687	6172
BHPS	UK	2006	All	Yes	0.19	***	-0.02	***	0.2	***	0.03	*	18875	5844
BHPS	UK	2007	All	Yes	0.22	***	-0.02	***	0.23	***	0.03		8009	5590
BHPS	UK	2008	All	Yes	0.14	***	-0.03	***	0.15	***	-0.01		10285	5363
EUSES	FI	2006	All	Yes	0.12	***	0	***	0.11	***	0.02	***	8724	289798
EUSES	FI	2010	All	Yes	-0.04	***	0	*	-0.04	***	0.19	***	996	290006
EUSES	FR	2010	All	Yes	-0.09	***	0	***	-0.09	***	-0.06	***	363	209454
EUSES	DE	2010	All	Yes	1.64	***	0	***	1.64	***	-0.1	***	13194	1715659
EUSES	HU	2006	All	Yes	0.01	***	-0.01	***	0.02	***	-0.01	***	6390	745365
EUSES	HU	2010	All	Yes	0.06	***	0	***	0.05	***	-0.35	***	438	802648
EUSES	NL	2002	All	Yes	-0.07	***	0	*	-0.07	***	-0.04	***	10726	77868
EUSES	NL	2006	All	Yes	0.09	***	0	**	0.1	***	-0.06	***	24621	139236
EUSES	NL	2010	All	Yes	-0.01	***	0.01	***	-0.03	***	-0.02	***	15577	155601
EUSES	PL	2006	All	Yes	-0.06	***	0.01	***	-0.07	***	-0.11	***	2763	635004
EUSES	PL	2010	All	Yes	-0.12	***	-0.03	***	-0.16	***	-0.31	***	95	663969
EUSES	SK	2010	All	Yes	0.11	***	0.01	***	0.1	***	-1.02	***	116	741382
EUSES	ES	2006	All	Yes	0.13	***	0.01	***	0.13	***	-0.07	***	3656	224616
EUSES	ES	2010	All	Yes	0.19	***	0.01	***	0.18	***	-0.06	***	2918	206752
EUSES	SW	2010	All	Yes	0.02	***	0	***	0.02	***	-0.06	***	1810	252740
EUSES	UK	2006	All	Yes	0.14	***	0	*	0.14	***	-0.11	***	17632	119807
EUSES	UK	2010	All	Yes	0.25	***	0	***	0.24	***	0.1	***	1527	160184
GSOEP	DE	2005	All	Yes	-1.93	***	-0.04	***	-1.9	***	-0.02	*	35187	8620
GSOEP	DE	2006	All	Yes	-1.97	***	-0.04	***	-1.94	***	-0.01		35093	9003
GSOEP	DE	2007	All	Yes	-1.99	***	-0.04	***	-1.96	***	0.02		12422	8685
GSOEP	DE	2008	All	Yes	-1.99	***	-0.04	***	-1.96	***	0.02		25852	8271
ISSP	AU	2002	All	Yes	0.6	***	0	*	0.64	***	-0.16		136	607
ISSP	FI	2005	All	Yes	-0.11	**	-0.03		-0.08	*	-0.2	**	4533	642
ISSP	FI	2006	All	Yes	-0.02	*	-0.02		-0.01	*	-0.11	*	11400	534
ISSP	FI	2007	All	Yes	-0.05		-0.04		-0.03		-0.16		2030	645
ISSP	FI	2008	All	Yes	-0.03		-0.02	*	0		-0.13	*	7574	535
ISSP	FI	2009	All	Yes	-0.08		-0.01		-0.07		-0.05		4514	426
ISSP	FI	2010	All	Yes	-0.14	***	-0.02		-0.11	***	0.08		1064	579
ISSP	FI	2012	All	Yes	-0.09	**	-0.02		-0.06	*	0.25		342	497
ISSP	FR	2012	All	Yes	-0.13	***	0		-0.14	***	0.11		50	1055
ISSP	DE	2004	All	Yes	0.47	***	-0.04		0.5	***	-0.06		6907	559
ISSP	DE	2005	All	Yes	0.53	***	-0.02		0.55	***	-0.11		35187	676

ISSP	DE	2006	All	Yes	2.96	***	-0.01		2.97	***	-0.1		35093	668
ISSP	DE	2007	All	Yes	0.4	***	-0.02		0.43	***	-0.13		12422	685
ISSP	DE	2008	All	Yes	0.44	***	-0.01		0.45	***	-0.07		25852	716
ISSP	DE	2009	All	Yes	0.37	***	-0.02		0.39	***	-0.06		18952	646
ISSP	DE	2010	All	Yes	0.41	***	-0.02		0.43	***	-0.13		17430	633
ISSP	DE	2012	All	Yes	0.61	***	-0.02		0.62	***	-0.2		11965	847
ISSP	HU	2006	All	Yes	-0.13	*	-0.05		-0.1	*	-0.08		7569	311
ISSP	HU	2008	All	Yes	0.35	***	0		0.34	***	-0.15		638	329
ISSP	HU	2009	All	Yes	0.28	***	-0.03		0.3	***	-0.25	***	282	398
ISSP	ITA	2008	All	Yes	0.59	***	0.01		0.63	***	-0.38	***	308	200
ISSP	MX	2007	All	Yes	0.54	***	-0.05	**	0.6	***	-0.01	*	440	495
ISSP	MX	2008	All	Yes	0.38	***	-0.06	*	0.46	***	-0.14		5331	230
ISSP	MX	2010	All	Yes	0.39	***	-0.08		0.47	***	-0.22		3544	286
ISSP	MX	2012	All	Yes	0.42	***	-0.01	*	0.52	***	-0.91		885	460
ISSP	PL	2006	All	Yes	0.37	***	-0.05	**	0.42	***	-0.18	*	3243	491
ISSP	PL	2007	All	Yes	0.56	***	-0.06	**	0.6	***	-0.15		4225	491
ISSP	PL	2008	All	Yes	0.53	***	-0.05	*	0.54	***	-0.36	***	2677	551
ISSP	PL	2009	All	Yes	0.31	***	-0.06	***	0.37	***	-0.17	*	881	551
ISSP	RU	2010	All	Yes	0.18	**	-0.01	*	0.19	***	-0.29	*	4699	569
ISSP	RU	2012	All	Yes	-0.41	***	-0.01		-0.37	***	-0.22		2246	580
ISSP	SW	2008	All	Yes	0.04	*	0		0.03	*	-0.24	***	519	684
ISSP	SW	2009	All	Yes	-0.09	***	-0.01		-0.08	**	0.05	*	1100	624
ISSP	SW	2010	All	Yes	-0.01	*	-0.01		-0.01	*	-0.05		2064	593
ISSP	UKR	2009	All	Yes	0.16	***	-0.02		0.22	***	-0.5	**	339	570
Other	AR	2007	All	Yes	0.57	***	0.01	**	0.56	***	-0.47	***	11745	26317
Other	AR	2008	All	Yes	0.61	***	0.01	***	0.6	***	-0.55	***	3478	51704
Other	AR	2009	All	Yes	0.48	***	0.03	***	0.44	***	-0.46	***	2650	49913
Other	AR	2010	All	Yes	0.4	***	0.01	***	0.39	***	-0.45	***	7036	49814
Other	AR	2011	All	Yes	0.5	***	0.01	***	0.49	***	-0.37	***	5745	49945
Other	AR	2012	All	Yes	0.21	***	0.02	***	0.19	***	-0.71	***	2538	48721
Other	FR	2008	All	Yes	0.38	***	0.07	***	0.15	***	0.25	***	137	36317
Other	FR	2010	All	Yes	0.25	***	0	***	0.25	***	0.08	***	488	47358
Other	FR	2011	All	Yes	0.38	***	0.01	***	0.37	***	0.06	*	137	49894
Other	FR	2012	All	Yes	-0.08	***	0.05	***	-0.1	***	-0.17	*	50	49395
Other	HU	2006	All	Yes	0.24	***	-0.01	***	0.26	***	-0.01	***	6188	500733
Other	HU	2007	All	Yes	0.43	***	0	***	0.42	***	0	*	1072	479975
Other	HU	2008	All	Yes	0.33	***	-0.03	***	0.35	***	-0.12	***	486	452161
Other	HU	2009	All	Yes	0.29	***	-0.02	***	0.32	***	-0.15	***	202	468573
Other	HU	2010	All	Yes	0.35	***	0	***	0.34	***	-0.01	*	358	467188
Other	HU	2011	All	Yes	0.38	***	-0.01	***	0.39	***	-0.19	***	313	459585
Other	HU	2012	All	Yes	0.57	***	0.02	***	0.53	***	0.07	*	178	473677
Other	PL	2005	All	Yes	0.72	***	0.03	***	0.71	***	-0.14	***	3764	7847
Other	PL	2006	All	Yes	0.68	***	0.03	***	0.66	***	-0.02	*	2779	5427



Other	PL	2007	All	Yes	0.83	***	0.02	***	0.82	***	0.11	***	3692	6575
Other	PL	2008	All	Yes	0.78	***	0.04	***	0.76	***	-0.08	*	2406	4588
Other	PL	2009	All	Yes	0.61	***	0.04	***	0.58	***	0.05	*	692	4049
Other	RU	2010	All	Yes	0.31	***	0	*	0.3	***	-0.2	***	4326	6784
Other	RU	2011	All	Yes	0.07	***	0.02	***	0.05	***	-0.34	***	1977	6509
Other	UK	2004	All	Yes	0.3	***	0	***	0.29	***	0.17	***	447	36033
Other	UK	2005	All	Yes	0.32	***	-0.01	***	0.33	***	-0.09	***	8312	43681
Other	UK	2006	All	Yes	0.28	***	-0.01	***	0.29	***	0.04	***	17735	44810
Other	UK	2007	All	Yes	0.28	***	-0.01	***	0.28	***	-0.03	***	6729	45387
Other	UK	2008	All	Yes	0.25	***	0	***	0.25	***	-0.01	*	9467	44250
Other	UK	2009	All	Yes	0.12	***	-0.01	***	0.13	***	-0.07	***	1044	41083
Other	UK	2010	All	Yes	0.37	***	0	*	0.36	***	0.11	***	1539	39875
Other	UK	2011	All	Yes	0.35	***	-0.01	***	0.36	***	0.24	***	1089	37186

Notes: Table presents the detailed results of the paper using our preferred weights, using Imai and Ratkovic (2014) covariate balancing propensity score. WI denotes data from WI project. B denotes benchmark nationally representative data. Sources in the group others are the Household Budget Survey, for Belarus; the Structure of Earnings Survey for Hungary; the Russia Longitudinal Monitoring Survey for Russia; and the Labor Force Survey for Argentina, France, Poland and the United Kingdom. Column *Data used* indicates whether the sample was included in all stages of the analysis.

In results of the Oaxaca-Blinder decomposition, we include the part attributable to differences in characteristics (endowments) and two specifications for the unexplained component: with and without the constant. The difference might not be equal to the sum of the components due to rounding. \*, \*\*, \*\*\* indicates that the component was significant at the 10%, 5% and 1% level, respectively. T-statistics and p-values available upon request.

Table A4: Covariate balancing using CBPS by Imai and Ratkovic (2014) for benchmark data with categorical wages

Source	Country	Year	Data used	Balancing	# observations	
					WI	B
ISSP	CL	2008	All	Yes	10040	1125
ISSP	CL	2009	All	Yes	4212	1120
ISSP	CL	2010	All	Yes	2055	1080
ISSP	CL	2012	All	Yes	1708	1124
ISSP	DK	2005	All	Yes	151	1265
ISSP	DK	2006	All	Yes	2206	911
ISSP	DK	2008	All	Yes	834	1397
ISSP	DK	2009	All	Yes	383	1027
ISSP	DK	2010	All	Yes	704	884
ISSP	FR	2008	All	Yes	464	1497
ISSP	FR	2009	All	Yes	382	1638
ISSP	FR	2010	All	Yes	1356	1111
ISSP	IT	2009	All	Yes	290	755
ISSP	NL	2003	All	Yes	13324	1320
ISSP	NL	2005	All	Yes	55300	695
ISSP	NL	2006	All	Yes	39903	717
ISSP	NL	2008	All	Yes	109920	1296
ISSP	SA	2006	All	Yes	266	2552
ISSP	SA	2007	All	Yes	2273	2530
ISSP	SA	2008	All	Yes	7270	1202
ISSP	SA	2010	All	Yes	8215	2623
ISSP	SA	2012	All	Yes	7155	2027
ISSP	ES	2005	All	Yes	9210	883
ISSP	ES	2006	All	Yes	7372	1847
ISSP	UK	2005	All	Yes	9447	598
ISSP	UK	2006	All	Yes	20303	655
ISSP	UK	2007	All	Yes	9761	615
ISSP	UK	2009	All	Yes	4987	648

Notes: Table presents the detailed results of the paper using our preferred weights: Imai and Ratkovic (2014) covariate balancing propensity score (CBPS). WI denotes data from WI project. B denotes benchmark nationally representative data.

Table A5: Country specificity – hourly wage differentials before and after reweighting

	Raw distributions: difference		Reweighted distributions: difference	
	at mean	at median	at mean	at median
Argentina	0.37*** (0.16)	0.40*** (0.15)	0.25* (0.16)	0.20 (0.16)
Australia	0.65*** (0.18)	0.24 (0.17)	0.73*** (0.17)	0.03 (0.17)
Finland	-0.22 (0.18)	-0.12 (0.17)	-0.04 (0.18)	0.01 (0.17)
France	0.08 (0.15)	0.11 (0.14)	-0.06 (0.17)	-0.03 (0.15)
Germany	0.74*** (0.23)	0.81*** (0.23)	0.85*** (0.24)	0.88*** (0.23)
Hungary	-0.01 (0.18)	0.08 (0.17)	0.08 (0.18)	0.13 (0.17)
Italy	0.39** (0.19)	0.49*** (0.18)	0.57*** (0.19)	0.67*** (0.18)
Mexico	0.61*** (0.22)	0.64*** (0.21)	0.52*** (0.20)	0.42*** (0.18)
Netherlands	-0.01 (0.15)	0.01 (0.14)	0.09 (0.15)	0.07 (0.15)
Poland	0.38** (0.19)	0.44*** (0.18)	0.32* (0.20)	0.34** (0.18)
Russia	0.21 (0.19)	0.31** (0.17)	-0.07 (0.19)	-0.04 (0.18)
Slovakia	0.03 (0.18)	0.10 (0.16)	0.13 (0.18)	0.00 (0.17)
Spain	0.23 (0.21)	0.23 (0.18)	0.13 (0.20)	0.11 (0.18)
Sweden	-0.03 (0.17)	0.07 (0.16)	0.02 (0.17)	0.10 (0.16)
UK	0.14 (0.14)	0.14 (0.14)	0.07 (0.15)	0.03 (0.14)
Ukraine	0.58*** (0.19)	0.63*** (0.17)	0.24 (0.19)	0.19 (0.18)
# of observations	92	92	92	92
R-squared	0.84	0.84	0.84	0.84

Notes: Estimates represent marginal effects of a country from a regression with year and data source fixed effects, constant included, not reported (complete logs available upon request). For Belarus no data is available for hourly wages, hence it is missing from the estimation. The tests statistic for the estimated marginal effects has a null hypothesis of an insignificant effect for a given country. Robust standard errors in parentheses. \*\*\*, \*\*, \* indicate differences significance at the 10%, 5% and 1% level.

Table A6: "Explaining" differences in hourly wages between WI and benchmark data

	Wages			Weighted wages		
	(1)	(2)	(3)	(1)	(2)	(3)
Internet penetration	-0.01*** (0.00)		-0.01*** (0.00)	-0.00 (0.00)		-0.00 (0.00)
GDP per capita (log)		-0.28*** (0.10)	0.12 (0.15)		-0.08 (0.10)	0.12 (0.19)
Constant	0.72*** (0.21)	3.24*** (1.13)	-0.40 (1.49)	0.29 (0.20)	0.94 (1.13)	-0.89 (1.83)
# of observations	92	92	92	92	92	92
R-squared	0.70	0.69	0.70	0.69	0.68	0.69

Notes: Regression of the difference in estimates of the log median hourly wage obtained from WI and nationally representative data. Internet penetration data counts number of users per 100 inhabitants, source United Nations. Data on GDP per capita obtained from the World Bank indicators database. Regression include year and data source fixed effect. Robust standard errors clustered for countries in parentheses. \*\*\*, \*\*, \* indicate differences significance at the 10%, 5% and 1% level.

## Endnotes:

- <sup>1</sup> Throughout the paper, we use the term "online surveys" to refer to voluntary online surveys, where participation is based on self-selection and participation is open to all interested individuals. These surveys are based on non-probabilistic sampling designs.
- <sup>2</sup> Naturally, response rate is not observable for opt-in surveys, the argument refers to the process, not to the measurement.
- <sup>3</sup> A comprehensive overview of issues related to the methods and applicability of online surveys may be found in the volume edited by Callegaro et al. (2014).
- <sup>4</sup> WI was collected for the first time in 2000 in Netherlands and expanded in country coverage ever since.
- <sup>5</sup> Recent examples of published research papers include studies on skill mismatch among migrant workers (Visintin et al., 2015), subjective well-being of workers using social indicators connected with job and life satisfaction (Guzi and De Pedraza, 2013, Nikolaos et al., 2015), research of impact of working time and wages on health (Steinmetz et al., 2014b), job insecurity (De Bustillo and De Pedraza, 2010) or decent work (Oz, 2008).
- <sup>6</sup> The weights along with full documentation are distributed for public use at <http://grape.org.pl/data/WageIndicator>.
- <sup>7</sup> For the online survey of interest in this paper – Wage Indicator – response rate is unavailable due to lack of the total number of potential respondents. However, it is possible to use the number of incomplete surveys as an indicator of attrition. Finally, analysis of incomplete answers was also employed to provide useful suggestions on how to construct web-survey to increase the response / participation rate (Fan and Yan, 2010).
- <sup>8</sup> These websites offer a variety of web-tools that attract participants offering them value and incentivizing truthful responses. For example, SalaryCheck allows to compare own wage with similar workers, hence providing individuals with valuable insights on their professional situation. There are also Minimum Wage Check, Decent Work Check and more.
- <sup>9</sup> A possible concern relates to multiple participations in order to increase the probability of obtaining the monetary prize. Yet, relatively low completion rates (under 30% in 2012) suggest that prize was not sufficient incentive to complete the survey for the first time, let alone repeat participation.
- <sup>10</sup> We abstract from the measurement error.
- <sup>11</sup> We adapt the test to allow for the use of weights. Weights are treated as repeated observations, i.e. ties. Such strategy introduces the risk that the power of the test is inflated through (artificially) larger sample size, but this problem exists only in the case of MW test. Hence, we complement MW with additional tests that do not share this shortcoming.
- <sup>12</sup> The use of propensity score to reduce selection bias was pioneered by Rosenbaum and Rubin (1983).
- <sup>13</sup> Steinmetz et al. (2014a) provide an extension with additional uses of the estimated propensity scores. For example, they calculate average propensity scores within subgroups and match within these strata. In the discussion of results, authors appear to favor the use of inverse propensity scores, though they express some concern over the fact that this method results in greater variance of weights and possibly more sensible estimates.
- <sup>14</sup> Imai and Ratkovic (2014) provide R-CRAN implementation of their algorithm. Application to STATA was developed by Filip Premik, who generously shared his codes with us. For all the estimations in this paper, we use STATA 14.
- <sup>15</sup> Already Heckman et al. (1998b) demonstrate that the use kernels to obtain proper weights for observations yields results effectively equivalent to those obtained from experimental data, e.g. Heckman et al. (1998a), Smith and Todd (2001).
- <sup>16</sup> Residence refers to the geographical location of the respondent. Often in online surveys participants provide city names, whereas in benchmark representative datasets one has information about region, size of the city/town/village but not the name. It would require developing dictionaries for each WI dataset in concordance with the coding in benchmark representative data to obtain comparable coding of this variable. Another example concerns structure of earnings survey data, where the location concerns the employer headquarters and not the employee residence.
- <sup>17</sup> This type of decomposition has received much attention since the initial formulation by Oaxaca (1973) and Blinder (1973).
- <sup>18</sup> The unexplained component should not be confused with the unexplained variation from a linear regression. In fact, one could consider a theoretical scenario where regressions for both groups are able to explain all the variation in an outcome variable; yet, if coefficients in those groups are different, the unexplained component would be different from zero.
- <sup>19</sup> Note that sample design is irrelevant for obtaining the results for that same reason.
- <sup>20</sup> In the interest of brevity, these detailed results are not reported in the paper, but are available upon request.
- <sup>21</sup> In a robustness check, we employ an alternative measure of the returns to characteristics: a weighted average of the coefficients obtained in both regressions, where each sample gets the same weight (0.5). Normally, the use of this weighting scheme would be controversial. Sloczynski (2015) argues that coefficients should be weighted according to the percentage of the population that comes from the opposite sample, as this allows to interpret the resulting gaps as treatment effects. In the present case, it is possible to apply equal weights to both coefficients because propensity scores weights equalizes sample sizes in the two databases. Results available upon request.
- <sup>22</sup> In the meantime, the project expanded also in scope, inquiring about labor regulations and institutions.
- <sup>23</sup> Given the sampling design of the EU-SES a direct comparison to respondents with WI is error prone. Instead, we restricted the comparison sample in WI to match the sample of waged employees from EU-SES. For most countries, this implied the exclusion of workers in small firms or in the public administration.
- <sup>24</sup> 202 surveys in WI match this criterion for 2000-2011.
- <sup>25</sup> For additional 28 datasets from WI we are able to provide balancing weights, but with benchmark data sources, which provide categorical coding for wages, hence we do not utilize them in analysis. Earlier studies use up to two countries in one wave of WI.
- <sup>26</sup> We also estimate it for differences at medians, the results are the qualitatively identical, detailed results available upon request.
- <sup>27</sup> In all cases, negative values indicate that the mean (proportion) was lower in the WI data.
- <sup>28</sup> We consider a pair of samples to be balanced with reference to a given covariate if this covariate has no statistical predictive power in guessing from which of the two sets in a pair an observation is drawn. In other words, a pair of samples is balanced for a given characteristic if this characteristic is not statistically more likely occurring in either of the samples in a pair. This test may be performed for each covariate separately or as a joint significance test for all covariates together. The former is more demanding, which is why we pursue this approach in our study.
- <sup>29</sup> Depending on local legislation, the difference may comprise labor tax, social security contribution on the side of the employee, on the side of the employer, some or all of the above.
- <sup>30</sup> All cases where we failed to find significant differences came from two sources: the ISSP survey and Polish LFS. Within ISSP, the number of cases is not evenly distributed across countries. Germany (8), the United Kingdom (7) and Finland (5) are those countries that more often exhibited no significant differences in coefficients. In most of the remaining databases, the null

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hypothesis was rejected. In the case of the EU-SES data, the extent of the differences was expected, as arguably the WI is closer to the LFS than to the EU-SES.

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