



Programme



IAAEU
Institute for Labour Law
and Industrial Relations
in the European Union

Workshop on Labour Economics 2022
Institute for Labour Law and Industrial Relations in the European Union | Trier University

Workshop on Labour Economics 2022

7th – 8th April 2022

Venue:

Institute for Labour Law and Industrial Relations in
the European Union (IAAEU)
Trier University, Campus II
Behringstraße 21
54296 Trier

Welcome to the Institute for Labour Law and Industrial Relations in the European Union

The Institute for Labour Law and Industrial Relations in the European Union (IAAEU) was established as a public foundation in 1983 and is funded by the state government of Rhineland-Palatinate. While being a public foundation, the IAAEU is also a research institute of Trier University and is situated in the heart of the Petrisberg Technology Park on Campus II. The IAAEU comprises two working groups of which one engages in research in the area of European labour law (Legal Team) and one engages in the theoretical and empirical analysis of personnel and labour economic issues (Economics Team). Depending on the research questions and the available data the economists rely on experimental data drawn from the experiments conducted in the institute's laboratory or on survey and corporate data. Since January 2012 Laszlo Goerke is one of the directors of the IAAEU and head of the Chair of Personnel Economics at Trier University. He is also a research fellow of the Institute of Labor Economics (IZA) and the CESifo Group Munich.

For detailed information have a look at our website: <http://www.iaaeu.de/en>

Schedule – Workshop on Labour Economics 2022

Thursday, April 7th 2022

09:00 – 09:15 **Welcome and Opening**

09:15 – 10:35 Parallel Session I

10:50 – 12:10 Parallel Session II

Lunch Break

13:15 – 15:15 Parallel Session III

15:30 – 17:30 Parallel Session IV

Schedule – Workshop on Labour Economics 2022

Friday, April 8th 2022

09:15 – 10:35	Parallel Session V
10:50 – 12:10	Parallel Session VI
	Lunch Break
13:15 – 14:35	Parallel Session VII
14:50 – 16:10	Parallel Session VIII
16:10 – 16:20	Farewell

Organisational Information

Instructions for Presenters, Discussants and Chairs:

The last speaker chairs the session. The first speaker keeps time during the chair's presentation. The name in brackets (*Discussant: Name*) after PhD student's presentations is the assigned discussant. We scheduled 40 minutes for each paper:

- PhD students with a discussant: 25 minutes for presentation, 5 minutes for assigned discussant, 10 minutes for questions.
- All other presenters: 30 minutes for presentation, 10 minutes for questions.

In case of any unforeseen (technical) problems, please send an email to wle@iaaeu.de

Attending the Meeting

WLE 2022 takes place as a virtual meeting:

All sessions will be hosted via Zoom. No registration needed, but you need a password to access the sessions. The password will be sent via email to registered participants only.

Please find the session links and the password in the email sent on 6 April 2022.

[If you have problems to access sessions, please try to access via the browser-based version of Zoom.]

Registration for non-presenting researchers:
(presenting researchers are automatically registered)

[Please click here](#)

In case of any unforeseen (technical) problems, please send an email to wle@iaaeu.de

Thursday, April 7th 2022

Programme – Thursday, April 7th

09:00 – 09:15 **Welcome and Opening**

09:15 – 10:35 **PARALLEL SESSION I**

Session I (a): Migration (1) (Session Chair: Nazire Beğen)

Fatma Selcen Palut: “Permanent guests: Self selection and economic returns for Turkish migration to Europe”

(Discussant: Yue Huang)

Nazire Beğen: “Immigration, job vacancies, and the beveridge curve: Evidence from Syrian refugees in Turkey”

(Discussant: Fatma Selcen Palut)

Session I (b): Wages (1) (Session Chair: Gökay Demir)

Nicolas Gavoille: “What we pay in the shadow: Labor tax evasion, minimum wage hike and employment”

Gökay Demir: “Labor market frictions and spillover effects from publicly announced sectoral-minimum wages”

(Discussant: Nicolas Gavoille)

Session I (c): Job loss (Session Chair: Michael Simmons)

Sofía Fernández Guerrero: “Flexible wages and the costs of job displacement”

Michael Simmons: “Pre-layoff search”

Programme – Thursday, April 7th

09:15 – 10:35

PARALLEL SESSION I

Session I (d): Firms (1) (Session Chair: Maximilian Mayer)

Di Lu: “Innovation for promotion: The effect of executive involvement on inventors’ innovation choice”

Maximilian Mayer: “The right director in the right firm: Director heterogeneity, sorting and firm performance”

(Discussant: Di Lu)

Programme – Thursday, April 7th

10:50 – 12:10

PARALLEL SESSION II

Session II (a): Migration (2) (Session Chair: Yue Huang)

Seonho Shin: “Subsidized refugees' selection into work: Local language proficiency and skill discount”

Bernat Mallén: “Language skills formation in a bilingual metropolitan area: The role of exposure to language training centers. Does accessibility to local language learning centers matter in a bilingual city?”
(Discussant: Seonho Shin)

Session II (b): Automation (Session Chair: Gabriel Burdin)

Giorgio Brunello: “The impact of training and advanced digital and automation technologies on productivity and wages: International evidence using firm-level data”

Gabriel Burdin: “Robots, digitalization, and worker voice”

Session II (c): Job insecurity (Session Chair: Anthony Lepinteur)

Eloïse Menestrier: “Early-stage career in a dual labour market and homeownership”
(Discussant: Anthony Lepinteur)

Anthony Lepinteur: “Job insecurity, savings and consumption: An Italian experiment”

Programme – Thursday, April 7th

10:50 – 12:10

PARALLEL SESSION II

Session II (d): Firms (2) (Session Chair: Filippo Passerini)

Karolin Hiesinger: “To include or not to include? Firms’ employment decisions with respect to the German employment quota for workers with disabilities”

(Discussant: Sofía Fernández Guerrico)

Filippo Passerini: “Employment protection, workforce mix and firm performance”

Programme – Thursday, April 7th

12:10 – 13:15 Lunch Break

Programme – Thursday, April 7th

13:15 – 15:15

PARALLEL SESSION III

Session III (a): Migration (3) (Session Chair: Pamela Qendrai)

~~**Jakub Lonsky:** “Dreaming of leaving the nest? Immigration status and the living arrangements of DACAmented” (Presentation cancelled)~~

Pamela Qendrai: “Work permit regulations and migrants' labor market outcomes”
(Discussant: ~~Jakub Lonsky~~) (Discussion cancelled)

Ramona Schmid: “Migration and wage inequality: A detailed analysis for German regions over time”
(Discussant: *Veronica Rattini*)

Session III (b): Gender (1) (Session Chair: Fenet Bedaso)

Ilya Espino: “Gender occupational intensity and wages in the northern triangle of Central America”

Kenza Ellass: “The multiple dimensions of selection into employment”
(Discussant: *Michael Simmons*)

Fenet Bedaso: “Occupational segregation and gender pay gap: Evidence from Ethiopia”

Programme – Thursday, April 7th

13:15 – 15:15

PARALLEL SESSION III

Session III (c): Performance pay (Session Chair: Marco Clemens)

~~Simon Jebesen: “Who benefits from financial participation? Stock options of the few and wage effects at large”~~ (Presentation cancelled)

Elisa Gerten: “Mobile technologies and performance pay”
(Discussant: ~~Simon Jebesen~~) (Discussion cancelled)

Marco Clemens: “Bonus payments and job satisfaction in Germany”

Session III (d): Skills (Session Chair: Yannis Galanakis)

Fabian Lensing: “How talent reacts to crises: The rationality of high-ability graduates’ response to the financial crisis 2008/09”
(Discussant: *Eduard Storm*)

Eduard Storm: “Task-based learning and skill (mis)matching”

Yannis Galanakis: “Are you in the right job? Human capital mismatch in the UK”

Programme – Thursday, April 7th

15:30 – 17:30

PARALLEL SESSION IV

Session IV (a): Migration (4) (Session Chair: Kevin Pineda-Hernández)

Christopher Prömel: “Belonging or estrangement – the European refugee crisis and its effects on immigrant identity”
(Discussant: *Giorgio Brunello*)

Lucas Guichard: “Quantifying direct and diversion effects in a structural gravity model: The case of an asylum policy”

Kevin Pineda-Hernández: “Moving up the social ladder in Belgium? Wages of first- and second-generation immigrants from developing countries”
(Discussant: *Mario Bossler*)

Session IV (b): Agency model (Session Chair: Alberto Palermo)

Tom Rauber: “Do Incentives work? Success and payoff reversals with rational agents”

Max Thon: “Competition and risk-taking in tournaments”

Markus Krecik: “A behavioral framework to assess employee well-being and effort”

Programme – Thursday, April 7th

15:30 – 17:30

PARALLEL SESSION IV

Session IV (C): Well-being (Session Chair: Veronica Rattini)

Peihua Deng: “Subjective well-being of internal migrants in China: The role of absolute and relative income”

(Discussant: Juliane Hennecke)

Juliane Hennecke: “Do you really want to share everything? The wellbeing of work-linked couples”

Veronica Rattini: “Job satisfaction among healthcare workers in the aftermath of the COVID-19 pandemic”

Session IV (d): Returns to education (Session Chair: Kamila Cygan-Rehm)

Daniela Sonedda: “To whom it may concern: The value of auditing grade assessment on educational and labour market outcomes”

Kamila Cygan-Rehm : “Lifetime consequences of lost instructional time in the classroom: Evidence from shortened school years”

Gaspard Tissandler: “Heterogeneous effects of dropout on labor market outcomes: The French higher education case”

(Discussant: Daniela Sonedda)

Friday, April 8th 2022

Programme – Friday, April 8th

09:15 – 10:35

PARALLEL SESSION V

Session V (a): Migration (5) (Session Chair: Britta Rude)

Joop Adema: “Mobile internet access and the desire to emigrate”

Britta Rude: “Robots, AI and immigration - A race for talent or of displaced workers”

(Discussant: Andreas Hauptmann)

Session V (b): Unions (Session Chair: Björn Becker)

Patrick Nüß: “Management opposition, strikes and union threat”

(Discussant: Laszlo Goerke)

Björn Becker: “Trade unions and life satisfaction in Germany”

Session V (c): COVID-19 pandemic (1) (Session Chair: Bruno Pessoa Carvalho)

Alemayehu Taye “Predictors of self-protecting behaviour during the early wave of the COVID-19 pandemic: A machine learning approach”

(Discussant: Bruno Pessoa Carvalho)

Bruno Pessoa Carvalho: “Failing young and temporary workers: The impact of a disruptive crisis on a dual labour market”

Programme – Friday, April 8th

09:15 – 10:35

PARALLEL SESSION V

Session V (d): **Beauty** (Session Chair: Linh Vi)

David Ong: “The college admissions contribution to the labor market beauty premium”

Linh Vi: “Gender differences in return to beauty”

(Discussant: David Ong)

Programme – Friday, April 8th

10:50 – 12:10

PARALLEL SESSION VI

Session VI (a): Migration (6) (Session Chair: Salvatore Carrozzo)

Ekaterina Sprenger: “What makes us move, what makes us stay: The role of culture in intra-EU mobility”
(Discussant: Salvatore Carrozzo)

Salvatore Carrozzo: “The labor market effects of an unexpected amnesty for undocumented workers”
(Discussant: Ekaterina Sprenger)

Session VI (b): Employment (Session Chair: Andreas Hauptmann)

Mario Bossler: “Labor demand on a tight leash”

Andreas Hauptmann: “Plant-level responses to the China shock at different employment margins”

Session VI (c): COVID-19 pandemic (2) (Session Chair: Yue Huang)

Sotiris Blanas: “Covid-induced economic uncertainty, tasks, and occupational demand”

Yue Huang: “Home sweet home: Working from home and employee performance during the COVID-19 pandemic in the UK”

Session VI (d): Gender (2) (Session Chair: Sascha Satlukal)

Hannah Illing: “The gender wage gap revisited: Evidence from worker deaths”

Sascha Satlukal: “Gender differences in reservation wages: New evidence for Germany”
(Discussant: Hannah Illing)

Programme – Friday, April 8th

12:10 – 13:15 Lunch Break

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13:15 – 14:35

PARALLEL SESSION VII

Session VII (a): Human Capital (Session Chair: Alberto Marcato)

Narcisse Cha'ngom: “Brain drain, development and global inequality: A generalized approach”

Alberto Marcato: “Lights and shadows of employer concentration: On-the-job training and wages”
(Discussant: *Lucas van der Velde*)

Session VII (b): Wages (2) (Session Chair: Theresa Markefke)

Bernhard Schmidpeter: “Exposure to labor market news and expectations about job search & earnings”

Theresa Markefke: “The career costs of part-time: Human capital, signalling, and dynamic self-selection”
(Discussant: *Bernhard Schmidpeter*)

Session VII (c): Health (1) (Session Chair: Lisa Pütz)

Chiara Ardito: “Increasing inequalities in mortality by socioeconomic position in Italy”

Lisa Pütz: “Workplace conflicts and sickness absence: Evidence from the German Socio-Economic Panel”

Programme – Friday, April 8th

13:15 – 14:35

PARALLEL SESSION VII

Session VII (d): Gender (3) (Session Chair: Paolo Santini)

Rodrigo Ceni: “Gender gaps and the role of female bosses: Evidence from matched employer-employee administrative data”

Paolo Santini: “Women of struggle: The role of women in the American labor movement”
(*Discussant: Rodrigo Ceni*)

Programme – Friday, April 8th

14:50 – 16:10

PARALLEL SESSION VIII

Session VII (a): Discrimination (Session Chair: Johnson Kakeu)

Lucas van der Velde: “Statistical gender discrimination: Evidence from young workers across four decades and 56 countries”

Johnson Kakeu: “The forest behind the tree: Heterogeneity in how U.S. governor’s party affects black workers”

Session VII (b): Wages (3) (Session Chair: Marcel Steffen Eckardt)

Torben Dall Schmidt: “Offshoring, reshoring and location effects: What are the effects of internationalization on wages in different locations?”

Marcel Steffen Eckardt: “Policy complementarities to curb market power and raise real wages”

Session VII (c): Health (2) (Session Chair: Elisabeth Wurm)

Mattis Beckmannshagen: “Out for good: Labor market effects of transitory and persistent health shocks”

Elisabeth Wurm: “Health insurance and labor supply: Evidence from same-sex couples”
(Discussant: Ilya Espino)

16:10 – 16:20

Farewell

Abstracts

Session I (a): Migration (1)

Fatma Selcen Palut, Sacha Kapoor and Dinand Webbink: “Permanent guests: Self selection and economic returns for Turkish migration to Europe”

What are the economic returns of immigration for the migrants? Does immigration or internal migration increase the returns more for migrants from developing countries? Who chooses which type of migration? We investigate the second wave of Turkish migration to Europe from 1973 onwards that lead to at least 2 million new Turkish migrants in Europe in 2 decades mostly through family reunification. We show that immigration causes 25% increase in the long term income by comparing siblings who remain behind. Returns disappear when we compare internal migrants in Turkey to immigrants. We show that an important channel for this result is that while internal migration causes upward occupation mobility, international migration causes downward occupation mobility. Immigrants consistently hold more assets than any other subgroup which shows that they accumulate more wealth. We find no evidence of household selection or educational selection amongst the groups that are eligible for migration (low skilled rural population). Rank amongst the siblings and gender are the most important determinants of migration.

Nazire Beğen, Murat Anil Mercan and Hande Barlin: “Immigration, job vacancies, and the beveridge curve: Evidence from Syrian refugees in Turkey”

This study investigates the impact of the massive and unexpected influx of Syrian refugees on the job vacancy rates (JVR) and job-finding rate (JFR) between the years 2009- 2015 and 2009-2018. We conducted the Instrumental Variable approach (IV) to address potential endogeneity issues. While we find no significant causal impact of the Syrian refugees on JVR, we identify a decrease in JFR between the years 2009-2018. A reduction in JFR indicates that the Beveridge curve shifted inwards, thereby raising matching efficiency and facilitating an improvement in labor market conditions. We also find differences in coefficients and significance in JVR and JFR across occupations. Plus, different effects were observed in the short- and long-term. The results demonstrate that the rapid and unexpected influx of Syrian refugees alleviated JVR and JFR in most of the occupation groups.

Abstracts

Session I (b): Wages (1)

Nicolas Gavoille and Anna Zasova: “What we pay in the shadow: Labor tax evasion, minimum wage hike and employment”

The interactions between minimum wage policy and tax evasion remain largely unknown. We study firm-level employment effects of a large and biting minimum wage increase in Latvia conditional on labor tax compliance. The Latvian labor market is characterized by the prevalence of envelope wages, i.e., unreported cash-in-hand complements to the official wage. We apply machine learning to classify firms between compliant and tax-evading using a unique combination of administrative and survey data. We then show that firms engaged in labor tax evasion are insensitive to the minimum wage shock. Our results suggest that these firms use wage underreporting as an adjustment margin, converting (part of) the envelope into legal wage. Increasing minimum wage contributes to tax rule enforcement, but this comes at the cost of negative employment consequences for compliant firms.

Gökay Demir: “Labor market frictions and spillover effects from publicly announced sectoral minimum wages”

Labor market frictions can explain the coexistence of good (high-wage) and bad (low-wage) jobs. Yet, little is known on what can disrupt that coexistence to equalize the wages of good and bad jobs and which mechanisms are important in this context. In this paper, I analyze the wage spillover and reallocation effects of publicly announced sectoral minimum wages in Germany. By exploiting variation in exposure to the sectoral minimum wages across workers and industries outside the minimum wage sectors, I identify the wage spillover and reallocation effects. I find that sectoral minimum wages lead to an increase in wages of sub-minimum wage workers outside the minimum wage sector and induce them to break up their current employment relationship to find a higher paid job. Horizontal fairness concerns and the reduction of information frictions seem to be the main drivers of these effects.

Abstracts

Session I (c): Job loss

Sofía Fernández Guerrero: “Flexible wages and the costs of job displacement”

This paper investigates whether flexible pay increases the wage costs of job displacement. We use quasi-exogenous variation in the timing of job loss due to mass layoffs spanning over an institutional reform that restricted single-employer bargaining, the Belgian Wage Norm in 1996. We find that average earnings losses over a ten-year period after displacement are 10 percentage points larger under flexible pay. Workers displaced from jobs with higher employer-specific wage premiums—service sector and white-collar—benefit the most from restricted single-employer bargaining as their earnings fully converge to non-displaced workers’ earnings within three years. We show that the differences in earnings losses across wage-setting systems are not driven by fluctuations in the business cycle. Finally, the wage-setting reform had similar effects on female workers, though it did not narrow the gender gap in pre-layoff wages. Our results suggest that reduced pay flexibility may help displaced workers catch up faster to non-displaced workers’ pay premium ladder conditional on re-employment.

Michael Simmons: “Pre-layoff search”

How do workers mitigate unemployment risk? Can they foresee job loss? If so, how many and how far in advance? For the UK, I provide evidence that workers can foresee impending layoff by tracking changes in the incidence and rationale for search prior to job loss. Equipped with this information, I build a search model of the labour market with stochastic human capital, where workers may receive information of job insecurity, and are able to respond by picking their search effort and savings. I show that the dynamics of “pre-layoff search” pins down key parameters governing the changes in the average worker’s information set prior to job loss. The model estimates reveal that, two-fifths and three-fifths of low and high skill workers, respectively, “know of” impending job loss on average about three months before becoming unemployed. As well as fitting the dynamics of pre-layoff search, the model is also able to replicate the level of involuntary job switching, and the costs of job loss for workers who immediately find new employment and for workers who do not, ascribing an integral role for the job ladder and human capital dynamics. Counterfactual analysis shows that the associated welfare gains from anticipating job loss are large: 1.6% in consumption equivalent variation, or an extra at least £1 billion in unemployment benefit expenditure. Endogenous changes in search, as opposed to endogenous changes in savings, drives almost all these gains.

Abstracts

Session I (d): Firms (1)

Di Lu, Guanchun Liu and Jinyu Yang: “Innovation for promotion: The Effect of executive involvement on inventors’ innovation choice”

The dual-identity of executives participating in patenting activities (executive involvement) as both Agent and Principle complicates its impact on corporate innovation. Linking a large patent dataset to personal information of executives in Chinese listed firms, we find that the executive involvement increases the exploitative but not the explorative innovation output of the connected inventors. Moreover, the exploitative innovation out-put matters only for the connected inventors' promotion, suggesting that their changes in innovation choice are driven by executives' rent-seeking incentives. Finally, the executive involvement is detrimental to corporate innovation quality and performance, further indicating a manifestation of agency problem.

Maximilian Mayer: “The right director in the right firm: Director heterogeneity, sorting and firm performance”

This paper studies the role of the matching between firms and directors appointed to their boards in determining firm outcomes. I apply a finite-mixture random-effects model to estimate the contribution of unobserved firm and director heterogeneity while explicitly allowing for an interaction between the two to estimate the quality of the match between board members and firms. Results reveal that positive complementarities drive positive sorting between firms and their directors. Using hand-collected data and textual analysis to build a large dataset on directors’ skills and qualifications, I find in particular directors with specialized skill sets to be associated with higher complementarities. In contrast, consistent with the idea of knowledge hierarchies in the firm, CEOs and CFOs tend to be generalists relying on directors’ advice. Finally, I exploit unexpected deaths of directors to establish that boards, where productivity is concentrated to a few highly complementary directors, have a positive causal effect on firm value and firm performance. The paper thereby offers new evidence on the organizational structure within the firm and its impact on firm performance.

Abstracts

Session II (a): Migration (2)

Seonho Shin: “Subsidized refugees' selection into work: Local language proficiency and skill discount”

Despite increasing interest in topics related to refugees, economic literature has remained mostly silent on how refugees make labor supply decisions in their initial resettlement period, during which their host government provides various care and financial assistance. This paper fills that void by applying the copula-based selection model, which is free from the restrictive joint normality assumption, to a unique, high-dimensional data set of refugees who resettled in the United States. Its selection parameter estimates suggest that subsidized refugees negatively select themselves into employment in terms of unobserved wage potential, which, according to the theoretical model, should be attributed primarily to the fact that (i) their reservation wages are rigid due to host-provided, non-labor income and (ii) host country employers discount refugees' unobserved human capital components substantially. As a result, employed refugees' wages, all observable factors held constant, are lower than the counterfactual wages of non-employed refugees, which contradicts what is usual in conventional labor markets. Heterogeneity analyses reveal several noteworthy aspects, and the most important one resides in the finding that negative selection into work is much more pronounced for those whose local language (i.e., English) proficiency is low. This hints that skill discount is magnified when a refugee's human capital components cannot be properly recognized by a host country employer - due to communication problems. As a result, selection on total productivity (i.e., stemming from both observables and unobservables) is estimated negative only for those with low levels of English. This finding is in line with economic intuition because it is only through proper communication that many skill components become usable and turn into productivity in local labor markets. Further discussions are made based on a simple theoretical model in the context of the U.S. refugee resettlement system.

Abstracts

Session II (a): Migration (2)

Bernat Mallén and Antonia Di Pablo: “Language skills formation in a bilingual metropolitan area: The role of exposure to language training centers. Does accessibility to local language learning centers matter in a bilingual city?”

In this paper we investigate the effect of geographical accessibility to local language training centres on local language skills formation and labour market outcomes. We exploit a language policy that provided publicly subsidized language training for adults, residing in the bilingual urban labour market of the Metropolitan Area of Barcelona. Our results indicate that exposure to language learning opportunities matters for language skills, since individuals residing in neighbourhoods surrounded by a higher number of language centres are more likely to be able to speak and write in Catalan, the local language. The effects are stable to several robustness checks, and are strongly heterogeneous in favour of native-born, younger and low-educated individuals. The evidence regarding labour market outcomes is inconclusive, possibly due to the fact that the effect induced on language skills by geographical exposure are too small in size to translate into any clear improvement in labour market outcomes in the local labour market.

Abstracts

Session II (b): Automation

Giorgio Brunello, Désirée Rückert , Christoph T. Weiss and Patricia Wruuck: “The Impact of training and advanced digital and automation technologies on productivity and wages: International evidence using firm-level data”

What is the payoff of introducing advanced digital technologies in terms of productivity, wages and employment, and how does this payoff compare with the one associated with training? The current paper addresses this question using firm data that cover 28 European countries (the EU member states and the UK) and the US. We find that both digital adoption / intensity and training positively affect productivity and wages. However, our estimates suggest that adopting at least one digital advanced technology is much more effective for productivity and wages than increasing average human capital per capita. We also find evidence of wage compression, as both digital adoption / intensity and training increase productivity more than wages. Due to wage compression, employment is also positively affected by these investments.

Gabriel Burdin, Filippo Belloc and Fabio Landini: Robots, digitalization, and worker voice

The interplay between labor institutions and the adoption of emerging technologies such as robots and other advanced digital tools at the workplace remains poorly understood. Using a cross-sectional sample of more than 20000 European establishments, this paper documents a positive association between the presence of employee representation (ER) and the use of these advanced technologies. We extensively dig into the potential mechanisms driving this correlation by exploiting rich information on the de facto role played by ER bodies in relation to well-defined decision areas of management, such as work organization, dismissals, training and working time. In addition, we conduct a quantitative case study using a panel of Italian firms and exploiting size-contingent policy rules governing the operation of ER bodies in the context of a local-randomization regression discontinuity design. The analysis suggests a positive effect of ER on investments in advanced technologies around the firm size cutoff, although the results are sensitive to the type of technology and specification choices. We also document positive effects on training intensity and process innovation and no evidence of employment losses or changes in the composition of employment. Taken together, our findings cast doubts on the idea that ER discourages technology adoption. On the contrary, ER seems to influence work organization and certain workplace practices such as training and information sharing, in ways that may enhance the complementary between labor and new advanced technologies.

Abstracts

Session II (c): Job insecurity

Eloïse Menestrier: “Early-stage career in a dual labour market and homeownership”

In France and many European countries, there are rising concerns about the growth of temporary employment. Temporary work represents 16.4% of total employment in France in 2019 (OECD, 2020) and the number of hires on fixed-term contracts of less than a month between 2000 and 2019 rose about 178%. This paper sheds light on the unequal access to the real estate market due to this growing labor market insecurity. From French administrative data on a representative sample of people born between 1975 and 1997, the estimation of a duration model provides evidence that having for the first time an open-ended contract has a stronger effect than having a temporary contract on the probability of becoming a homeowner. We provide evidence that this differentiated access is persistent over time.

Anthony Lepinteur, Conchita D’Ambrosio and Andrew E. Clark: “Job insecurity, savings and consumption: An Italian experiment”

Job insecurity has consequences outside of the labour market. Using the 2012 Fornero reform as a natural experiment, a difference-in-differences framework based on a firm-size discontinuity and individual data coming from the Italian Survey on Household Income and Wealth, our results suggest that greater job insecurity reduces consumption and increases savings. We also show that the changes in consumption and savings are a function of the family structure and of the rank in the household income distribution. Last, greater job insecurity reduces all types of consumption except food expenditures and the extra-savings are either invested in safe assets or kept on savings account.

Abstracts

Session II (d): Firms (2)

Karolin Hiesinger: “To include or not to include? Firms’ employment decisions with respect to the German employment quota for workers with disabilities”

This paper analyzes whether financial disincentives affect firms’ demand for workers with disabilities. In Germany, firms have to pay a noncompliance fee if they do not meet the quota for workers with disabilities. I exploit a threshold regulation of the employment quota: Firms with less than 40 employees have to employ one worker with disabilities, whereas firms with 40 and more employees have to employ two workers with disabilities. Using administrative firm data, my results suggest that firms respond to the threshold regulation and employ on average 0.388 more workers with disabilities when they are located just above the threshold. The effect is upward biased by bunching firms which purposely stay below the threshold to avoid the fee. Taking this bunching into account, I estimate a lower bound of the effect which is still positive albeit considerably smaller.

Filippo Passerini, Chiara Ardito, Fabio Berton and Lia Pacelli: “Employment protection, workforce mix and firm performance”

We measure the impact of employment protection reduction in an uncertain framework on firms’ hires and performance, exploiting the Italian 2015 Jobs Act. Results indicate that firms (1) stabilize workforce mainly through contract transformations of low-tenure and low-human-capital incumbent workers performing high-physical and low-intellectual tasks; (2) apply a cost-saving strategy that increases profits and decreases value added per-head. Effects are stronger among non-exporting and non-innovative firms. Our evidence casts doubts on the effectiveness of employment protection reductions in enhancing productivity in the long run.

Abstracts

Session III (a): Migration (3)

Jakub Lonsky, Rania Gihleb and Osea Gituntella: “Dreaming of leaving the nest? Immigration status and the living arrangements of DACAmented”

This study investigates the effects of the Deferred Action for Childhood Arrivals (DACA) on the living arrangements and housing behavior of undocumented immigrants in the U.S. Using an event-study approach and difference-in-differences (DID) estimates, we compare immigrants above and below eligibility cutoffs and demonstrate that after the adoption of the policy in June 2012, DACA-eligible immigrants were less likely to live with their parents or in multigenerational households (-11%) and more likely to live independently (+15.5%). We also reveal that DACA-eligible immigrants were less likely to live in the same house (+2%) and more likely to move out of ethnic enclaves (-3%). Lower rental costs (-4.5%) may have facilitated this transition into adulthood and the observed trends in living arrangements. DACA also led to a decline in marriage rates among DACA-eligible individuals, while we found no evidence of significant effects on cohabitation, divorce, and intermarriage. We also found no evidence of a clear impact on fertility.

Pamela Qendraj and Lennart Kraft: “Work permit regulations and migrants' labor market outcomes”

This paper studies how the introduction of a novel residence permit for working purposes, the so-called Blue Card introduced in August 2012, has affected entry level wages of non-EU migrants in Germany. The Blue Card was targeted to non-EU university graduates with degrees received or recognized in Germany. It provided immediate residence to students with a working contract that pays above clearly announced and regularly updated wage thresholds. We leverage a difference-in-difference approach and unique data on national and international graduates in Germany between 2011-2014. We find that the introduction of the Blue Card increases entry level wages of non-EU graduates relative to the control group by approximately 2 percent of the pre-treatment entry level wages. We provide suggestive evidence that these results are not driven by more or better quality non-EU graduates staying in Germany but rather because the Blue Card wage threshold acts as a reference point.

Abstracts

Session III (a): Migration (3)

Ramona Schmid: “Migration and wage inequality: A detailed analysis for German regions over time”

This study presents new evidence on immigrant-native wage differentials estimated in consideration of regional differences regarding the presence of Non-German population in metropolitan and non-metropolitan areas between 2000 and 2019 in Germany. Using linked employer-employee-data, unconditional quantile regression models are estimated in order to assess the degree of labor market integration of foreign workers. Applying an extended version of the Oaxaca Blinder decomposition method, the results provide evidence on driving factors behind wage gaps along the entire wage distribution. There are not only changes in the relative importance of explanatory factors over time, but also the sources of possible wage differentials of foreign workers shift between different points of the wage distribution. Differentiating between various areas in Germany, on average larger wage gaps are revealed in metropolitan areas with at the same time a higher presence of foreign population. Regarding the size of the overall estimated wage gaps, in particular after 2012 increasing tendencies around median wages are identified.

Abstracts

Session III (b): Gender (1)

Ilya Espino, Ana Hermeto and Luciana Luz: “Gender occupational intensity and wages in the northern triangle of Central America”

This paper aims to explore the relationship between gender occupational intensity and wages in the Northern Triangle of Central America using national surveys carried out in 2014. A harmonized occupational classification at the 2-digit-level is built with the objective of analyzing the occupational distribution across countries. Quantile regressions are estimated to explore in detail which factors are affecting the wages of both females and males; in particular, this paper pays special attention to female occupational intensity (the share of females within each occupation). The comparative analysis shows that women are overrepresented in certain occupations, and they are much more likely to be working in part-time jobs than men in all countries. Findings also reveal wage penalties for working in female-dominated occupations along the distribution across countries. However, the effect of this variable is higher at the lower quantile of the distribution for women, especially in El Salvador and Honduras.

Kenza Ellass: “The multiple dimensions of selection into employment”

A vast literature on gender wage gaps has examined the importance of selection into employment. However, most analyses have focused only on female labour force participation and gaps at the median. The Great Recession questions this approach both because of the major shift in male employment that it implied but also because women’s decision to participate seems to have been different along the distribution, particularly due to an “added worker effect”. This paper uses the methodology proposed by Arellano and Bonhomme (2017) to estimate a quantile selection model over the period 2007-2018. Using a tax and benefit microsimulation model, I compute an instrument capturing the male selection induced by the crisis as well as female decisions: the potential out-of-work income. Since my instrument is crucially determined by the welfare state, I consider three countries with notably different benefit systems – the UK, France and Finland. My results imply different selection patterns across countries and a sizeable male selection in France and the UK. Correction for selection bias lower the gender wage gap and, in most recent years, reveals an increasing shape of the gender gap distribution with a substantial glass ceiling for the three countries.

Abstracts

Session III (b): Gender (1)

Fenet Bedaso: “Occupational segregation and gender pay gap: Evidence from Ethiopia”

This paper investigates the role of occupational segregation on the gender pay gap in Ethiopia using the 2013 Labor Force Survey. Empirical evidence suggests that occupational segregation is crucial in explaining the wage gap between men and women. However, this topic is far from an investigation in the context of countries in Africa. To this end, I test the crowding hypothesis and glass ceiling effects; hence, quantile regression and Machado and Mata decomposition method implemented to measure and quantify the extent of the gender pay inequality over the wage distribution. I find a negative association between occupational segregation and wages of that occupations, and this negative correlation is most pronounced among female workers. Moreover, the wage gap between men and women is partially explained due to gender occupational segregation. Furthermore, I show evidence of glass ceiling effects in Ethiopia. The gender pay gap is higher at the upper part of the wage distribution than at the bottom, and the adverse effects of occupational segregation are particularly high in the highest-paid jobs. This is the first empirical evidence on female occupational segregation and the gender wage gap in Ethiopia, to the best of my knowledge.

Abstracts

Session III (c): Performance pay

Simon Jebsen and Torben Dall Schmidt: “Who benefits from financial participation? Stock options of the few and wage effects at large”

Performance pay and financial participation has been considered in rich literature. We focus on externalities and spill overs in using stock options as human resource management. Specifically, we ask if individuals that are not offered wage packages with stock options have higher or lower wages in firms that provide stock options to a sub-set of employees compared to firms that do not offer stock options to their employees. Results show that stock options in this sense increase wages by 2.1 percent. Secondly, we ask if providing wage packages with stock options to a higher share of employees in a firm increases the wages more for those that do not receive wage packages with stock options than those that do. These results may be interpreted in the context of coalitions/“club” behaviour in firms, as a higher share benefit employee with wage packages comprising stock options. On the other hand, results show that employees who do not receive stock options benefit (i.e., higher hourly wage) when management and high-knowledge employees receive stock options. We, therefore, find evidence suggesting the importance of externalities, spill overs, and club behaviour in the effects of stock options on wage structures.

Abstracts

Session III (c): Performance pay

Elisa Gerten: “Mobile technologies and performance pay”

In organizational economics, some studies suggest that incentive pay needs to be adjusted for complex jobs. In complex working processes, it is a group-based performance pay that increases worker productivity. Other studies argue that individual performance pay is needed to control worker productivity, especially when there is a lack of worker motivation. So far, there is no literature analyzing changes in the compensation scheme that may originate in the spread of modern technologies in the workplace. This paper aims to close this research gap. From a theoretical perspective, I argue that a routine-biased-technological change fosters the complexity of tasks and thus the need for more cooperation among workers. As a consequence, firms might adjust their compensation scheme towards a more collective performance pay. Following the incentive intensity principle, however, modern technologies improve the measurement accuracy of performance indicators, and firms might adjust their compensation scheme towards a more individual performance pay. Moreover, I argue that the incentive to change the compensation scheme due to the spread of technologies depends on the hierarchical status of the worker who receives the performance pay. I distinguish hereby between executive and non-executive workers. Using unique panel data on management practices in German firms from the years 2014 to 2018 and applying the bracketing-property approach introduced by Angrist and Pischke (2009), I show that equipping non-executive workers with information and communication technologies (ICT) increases collective performance pay, while ICT-equipped executive workers do not face a change in the composition of performance pay. The estimation results can be interpreted in terms of causal inference, since fixed effects estimates and lagged dependent variable estimates bound the causal effect of interest.

Abstracts

Session III (c): Performance pay

Marco Clemens: "Bonus payments and job satisfaction in Germany"

Standard agency theory predicts that variable financial incentives (or bonus payments) have two opposing effects. First, income per-se should increase utility. Second, income should reduce utility if it is obtained only through increased effort. However, bonus payments are not always tied to workers effort. Therefore, besides assessing profit-sharing bonuses and in addition to the existing work on performance pay, this study examines the relationship between bonus payments, which are not directly related to performance, and job satisfaction in Germany. To do so, I use data from the Socio-Economic Panel (SOEP) from 1985 to 2019. The results show that the (relative) bonus size is positively associated with job satisfaction. Surprisingly, even after controlling for bonus size, the number of bonuses paid during a specific calendar year has a positive correlation with job satisfaction. The results give credibility to the behavioral economics idea that the response to a series of small incentives is stronger than the response to a single large payment. Finally, the results seem to apply only to the private sector, and income satisfaction constitutes a valid channel on job satisfaction for bonus intensity but not for the number of bonuses paid.

Abstracts

Session III (d): Skills

Fabian Lensing and Bernd Frick: “How talent reacts to crises: The rationality of high-ability graduates’ response to the financial crisis 2008/09”

The 2008/09 financial crisis had a severe impact on the World’s economies and societies. In order to prevent large-scale layoffs, many governments implemented specifically designed labor market policies. However, students graduating during the crisis faced particularly poor labor market conditions as the majority of these policies addressed already existing jobs. Given these circumstances, rational choice theory suggests that individuals adapt their behavior accordingly. Using a unique dataset with detailed information on 27,813 German high-ability students, we find – in line with rational choice theory – a massive increase in the percentage of graduates pursuing a Ph.D. during the crisis. The choice of other potential reactions (to defer graduation, to take a short-term/part-time job or to take a full-time job below one’s aspirations) remains unaffected by the crisis. Controlling for socio-demographic factors, we find that the likelihood to pursue a Ph.D. increases by 18-21% points when graduating during the crisis. In the first year after the crisis, the share of students pursuing a Ph.D. decreases again – a consistent pattern across the three majors we consider in our analysis (business & economics, engineering, and law). Data reflecting the changes in behavior of the overall German student population confirm this pattern, but effect sizes appear to be much smaller. Thus, we see rational choice theory confirmed when looking at the behavior of German high-ability students graduating during the financial crisis 2008/09.

Eduard Storm: “Task-based learning and skill (mis)matching”

This paper studies wage effects and job mobility as a result of skill mismatch in worker occupation pairs. I develop a Roy model in which learning on the job induces workers to shift more time towards job-specific activities. Using a short task panel containing data on worker’s time allocation of job tasks, I test the model’s implications and present three main findings. First, workers who are overqualified in their initial occupation in regards to abstract tasks are more likely to switch to another job by up to 19 pp. Second, task-based learning only pays off with respect to acquisition of abstract skills and is associated with a return of up to 2-3% with each year of experience. Third, gains from task-based learning are heterogenous and benefit primarily workers in abstract-intensive occupations. Combined, my findings highlight the persistent effects of investments in job-specific skills on wage growth and job mobility.

Abstracts

Session III (d): Skills

Yannis Galanakis: "Are you in the right job? Human capital mismatch in the UK"

This paper examines a problem of worker misallocation into jobs. A theoretical model, allowing for heterogeneous workers and firms, shows that job search frictions generate mismatch between employees and employers. In the empirical analysis, the British Household Panel Survey (BHPS), the UK household Longitudinal Study (UKHLS) and British Cohort Study 1970 (BCS70) data are used to measure the incidence of mismatch, how it changes over time and whether it can be explained by unobserved ability. Results show that (i) the incidence of mismatch increases after the Great Recession. (ii) Individual transitions to/from matching take place due to workers' occupational mobility and over-time skills development. (iii) Employees can find better jobs or their mobility occurs earlier than the aggregate change of skills. (iv) Controlling for individual heterogeneity, measured by cognitive and non-cognitive skill test scores throughout childhood, does not decrease the incidence of mismatch. This suggests that unobserved productivity does not generate mismatch in the labour market.

Abstracts

Session IV (a): Migration (4)

Christopher Prömel: “Belonging or estrangement – the European refugee crisis and its effects on immigrant identity”

This study deals with the impact of the 2015 European Refugee Crisis on the ethnic identity of resident migrants in Germany. To derive plausibly causal estimates, I exploit the quasi-experimental setting in Germany, by which refugees are allocated to different counties by state authorities without being able to choose their locations themselves. This study finds that higher shares of refugees in a county increased migrants’ attachment to their home countries, while not affecting their perceived belonging to Germany. Further analyses uncover strong heterogeneities with respect to country of origin and immigrant characteristics and suggest that the observed effects may be primarily driven by experiences of discrimination and the consumption of foreign media. Lastly, I find that changes in ethnic identity coincide with the political polarization of migrants. These results have various policy implications in terms of the dispersal of asylum seekers, the modes of communication with different migrant groups and the importance of anti-discrimination measure.

Lucas Guichard and Joël Machado: “Quantifying direct and diversion effects in a structural gravity model: The case of an asylum policy”

Does the adoption of a list of safe countries of origin influence the asylum applications lodged in OECD member states? We draw on a structural gravity model to derive an empirical migration equation that is brought to the data to estimate the direct effect of the list on the bilateral number of asylum claims. This, in turn, allows us to solve the structural model to quantify the externalities arising from counterfactual experiments about the safe country policy. The empirical analysis reveals that the introduction of a list of safe source countries leads to a decrease of around 30% in the bilateral volume of asylum applications. The simulation exercises under hypothetical changes of the asylum policy suggest the presence of diversion effects on the sheer scale of asylum claims across both origin and destination countries.

Abstracts

Session IV (a): Migration (4)

Kevin Pineda-Hernández: “Moving up the social ladder in Belgium? Wages of first- and second-generation immigrants from developing countries”

As second-generation immigrants from developing countries represent a sizeable share of the working-age population in developed countries, their labour market integration requires careful attention. Using a matched employer-employee database of 1.3 million observations for the Belgian private labour market between 1999 and 2016, our weighted multilevel log-linear regressions and reweighted, recentered influence function Oaxaca-Blinder (RIF-OB) decompositions indicate that second-generation female and male workers from developing countries earn more than their first-generation peers. Nonetheless, for each gender group, the overall wage gaps between workers born in developed countries, including Belgian natives, and workers from developing countries remain substantial across two generations to an increasing extent across the wage distribution. After accounting for a wide range of covariates (inter alia, demographics, human capital, occupations, sector and firm fixed effects), we find that, unlike the first generation, there is no clear-cut evidence of an adjusted wage gap for the second generation. Finally, reweighted RIF-OB decompositions suggest that whilst the overall wage gaps for the first generation are explained by unfavourable human capital, employment and sector characteristics, those for the second generation are mainly driven by their lower levels of age and tenure.

Abstracts

Session IV (b): Agency model

Tom Rauber and Philipp Weinschenk: “Do incentives work? Success and payoff reversals with rational agents”

We examine the effects of incentives in a simple model, where a set of rational agents works on a joint task. In the static model, we show that higher incentives (i.e., higher rewards for success) positively affect the success rate and the agents’ payoffs. This is in contrast to the dynamic model, where higher incentives can lower the success rate and may also reduce the agents’ payoffs in the case of two or more agents. These success reversals and payoff reversals can occur together, but also independently of each other.

Max Thon, Oliver Gürtler and Lennart Struth: “Competition and risk-taking in tournaments”

In this paper we theoretically and empirically analyze the effect of competition among employees on risk-taking behavior in tournaments. In the theoretical part, we develop a model with heterogeneous employees who compete for a single prize. We find that more intense competition, measured by the number of evenly matched competitors as well as the relative standings at intermediate points in the tournament, induces higher individual risk taking. We continue to use a rich panel data set on professional biathlon competitions to confirm the model predictions. Finally, our results yield numerous managerial implications on influencing employees’ risk-taking behavior.

Abstracts

Session IV (b): Agency model

Markus Krecik: “A behavioral framework to assess employee well-being and effort”

What determines employee well-being and effort? The neoclassical labor-leisure model assesses utility through consumption/income and the opportunity cost of labor time, i.e. leisure time. The conditions of the workplace itself do not enter the model (or only as an ad-hoc disutility). Advances through the concept of compensating wage differentials allowed the estimation of job risks and amenities in the aggregate, like workplace safety, but cannot resolve idiosyncratic determinants of well-being. The advent of behavioral economics enriched the debate through psychological concepts like job satisfaction and job characteristics. Following the tradition, in this theoretical work a behavioral framework for assessing employee well-being and motivation is developed. As a novelty, this research does not use utility theory as a departure point, but is developed directly from a psychological theory and behavioral needs theories. Utility theory is subsequently identified as being embedded in this generalized framework. The framework is built upon the psychological theory of Self-Determination theory, which posits that humans have three basic psychological needs for autonomy, competence and relatedness. As long as they are satisfied, individuals experience greater well-being and motivation. Behavioral needs theories on the other hand model motivation as an action to reduce a felt need deprivation. Combining both theories, the ensuing framework states that employee preferences can be categorized mainly into the mentioned three basic psychological needs, as well as the needs for economic security, physical and mental safety, and rest. Thus, employees have the same abstract preferences, which are however expressed in idiosyncratic ways. By this categorization, interventions in the workplace can be systematically assessed ex-ante from a theoretical standpoint additional to the ex-post evaluation from an empirical point of view. Possible failures of rationality as well as adaptive preferences of employees can be analyzed in this framework. This also allows the identification of normative standards and thus enables the development of justified workplace interventions. Eventually, testable hypotheses are generated from this framework.

Abstracts

Session IV (c): Well-being

Peihua Deng: “Subjective well-being of internal migrants in China: The role of absolute and relative income”

Employing a novel dataset, the China Migrants Dynamic Survey (CMDS), this paper examines the association between income and subjective well-being among Chinese internal migrants. By revisiting the dispute over the link between individuals’ absolute income and their wellbeing, the results indicate that there is no satiation point for Chinese migrants; those with the highest income are still found to be positively and significantly influenced. Additionally, linking administrative data and survey data of CMDS, considerable differences between migrants’ objective and subjective measures of relative income status are found. More importantly, the results suggest that migrants’ self-perceived relative income status has a more significant effect on their well-being than objective relative income status. This helps explain why migrants stay in urban areas relatively long. Most of the misestimated migrants are overestimating their relative income positions when compared to their reference group in the host city, making them ignore their disadvantaged situation, the reality cannot hurt them if they do not realize it.

Juliane Hennecke and Clemens Hetschko: “Do you really want to share everything? The wellbeing of work-linked couples”

Work as well as family life are crucial sources of human wellbeing, which however often interfere. This is especially so if partners work in the same occupation or industry. At the same time, being work-linked may benefit their career success. Still, surprisingly little is known about the wellbeing of work-linked couples. Our study fills this gap by examining the satisfaction differences between work-linked and non-work-linked partners. Using data from the German Socio-Economic Panel (SOEP, 2019), we estimate the effect of working in the same occupation and/or industry on life satisfaction as well as satisfaction with four areas of life: income, work, family and leisure. In the process, we employ pooled OLS estimations and instrumental variable strategies, for instance based on the gender disparity in industries and occupations. Our results suggest that being work-linked increases satisfaction with life as well as income and job satisfaction. These findings are consistent with positive assortative matching and mutual career support between work-linked partners. Our conclusions concern hiring couples as a means of recruiting exceptional talent.

Abstracts

Session IV (c): Well-being

Veronia Rattini, Emilia Barili, Paola Bertoli and Veronica Grembi: “Job satisfaction among healthcare workers in the aftermath of the COVID-19 pandemic”

Using a unique survey of more than 7,000 respondents conducted immediately after the first wave of the COVID-19 pandemic in Italy, we investigate potential drivers of the job satisfaction of healthcare workers. Relying on a representative sample of Italian physicians and nurses, we show that, besides personal characteristics (e.g., age, gender, health status), contextual factors (i.e., working conditions) play the leading role in explaining variation in the level of satisfaction (58%). In particular, working in a high-quality facility increases worker satisfaction and willingness to remain in the profession, and in the current medical specialization, while working in a province with a perceived shortage of medical personnel brings the opposite result. Direct experience with COVID-19 (e.g., having tested positive) is not significantly correlated with the level of job satisfaction, which is instead significantly reduced by changes in the working conditions caused by the health emergency.

Abstracts

Session IV (d): Returns to education

Daniela Sonedda, Paolo Ghinetti and Giorgia Casalone: “To whom it may concern: The value of auditing grade assessment on educational and labour market outcomes.”

In this paper, we assess the value of auditing the final high school grades on educational and labour market outcomes. We leverage a 2007 reform in Italy that introduced the presence of external examiners on the board. We compare treated and untreated cohorts in a two-way fixed effects model to show that the reform increased the earnings of male, but not female, high school graduates. We carry out two way fixed effects and special regressor methods to prove that the reform raised the pupils’ years of schooling. We extend the combined fixed effects approach (Altonji and Zhong 2021) to attest that treated cohorts’ returns to graduation are about six percentage points as high as the untreated ones.

Kamila Cygan-Rehm: “Lifetime consequences of lost instructional time in the classroom: Evidence from shortened school years”

This study estimates the lifetime effects of lost instructional time in the classroom on labor market outcomes. For identification, I use historical shifts in the starting date of the school year in Germany, which shortened the duration of the affected school years by approximately one-third with no adjustments in the core curriculum. The lost instructional time in the classroom was mainly substituted by additional homework and reduced emphasis on non-core subjects. I apply a difference-in-differences design to social security records, which allow me to follow the exposed individuals over the life cycle. Despite no significant effects on educational credentials, I find adverse effects of the policy on earnings and employment nearly over the entire occupational careers. Complementary analyses using survey data reveal long-lasting imprints on cognitive skills and personality traits, which seem plausible mechanisms behind the deteriorated labor market outcomes.

Abstracts

Session IV (d): Returns to education

Gaspard Tissandier: “Heterogeneous effects of dropout on labor market outcomes: The French higher education case”

In the sense of Spence (1973), education sends a signal to the labor market which helps to reveal the ability of former students. Dropout is usually perceived as a negative signal, leading to lower wages and employment rates. This paper tests for the presence of heterogeneous effects of dropout in french higher education (post-high school diploma) on labor market outcomes from 2010 to 2013. These effects are measured on the time in employment and average wages at an individual's entry into the labor market. I analyze if the heterogeneous structure of the effects is conditional on individual characteristics such as diploma, social origin, or gender. I use the Generalized Random Forest algorithm with the distance to the closest higher education institution at 6th grade as an instrument to estimate individual Conditional Average Treatment Effects. In line with the literature, I find a negative effect of dropping out on the time in employment. However, this effect is heterogeneous across individuals, ranging from -59% to -41% pp. I find two subgroups with a significant and negative effect of dropping out on the average wages, with effects ranging from -1300€ per month to a -600€ on average monthly wage. The gender, study field, study duration, and the social origin of parents, especially the mother's one, have an active role in shaping the heterogeneity of the dropout effect.

Abstracts

Session V (a): Migration (5)

Joop Adema, Cevat Giray Aksoy and Panu Poutvaara: “Mobile internet access and the desire to emigrate”

How does mobile internet access affect the desire to emigrate and migration plans? To answer this question, we combine survey data on more than 600,000 individuals from 110 countries with data on worldwide 3G mobile internet rollout. We show that an increase in mobile internet access increases desire to emigrate. This effect is particularly strong for higher-income individuals in low-income countries. We identify three potential mechanisms. Access to the mobile internet lowers the cost of acquiring information and leads to a drop in perceived material well-being and trust in government. Using municipal-level data from Spain, we also document that 3G rollout increased actual migration flows.

Britta Rude and Yvonne Giesing: “Robots, AI and Immigration - A Race for talent or of Displaced Workers”

We study the effect of technological change on immigration flows as well as the labor market outcomes of previous migrants versus natives. We look at two different automation technologies: Industrial robots and artificial intelligence. For this purpose, we harness data provided by the Industrial Federation of Robotics as well as online job vacancy data. Our research focuses on Germany, a highly automated economy and one of the main recipients of migrants among OECD countries. We apply an instrumental variable strategy and identify how robots decrease the wage of migrants across all skill groups, while neither having a significant impact on the native population nor immigration flows. In the case of AI, we determine an increase in the wage gap as well as the unemployment gap of migrant and native populations. In addition, AI leads to a significant inflow of immigrants. This applies to the low-, medium and high-skilled and is indicative of migrants facing displacement effects, while natives might benefit from productivity and complementarity effects. Policymakers should devote special attention to the migration population when designing mitigation policies in response to technological change as so to avoid further increases in inequality between migrants and natives.

Abstracts

Session V (b): Unions

Patrick Nüß: “Management opposition, strikes and union threat”

I estimate management opposition against unions in terms of hiring discrimination with a large scale field experiment in the German labor market. By sending 13000 fictitious job applications, revealing union membership in the CV and a pro-union sentiment via social media accounts, I provide robust evidence for hiring discrimination. The results show that callback rates for union members decrease significantly in the presence of high sectoral union density and large firm size. I further explore how this effect varies with regional and sectoral labor dispute intensity and find that management opposition is stronger when a sector is exposed to an intense labor dispute. There is evidence that hiring discrimination can be explained by sectoral union threat effects. Sectors with lower hiring discrimination have a lower coverage of collective agreements and in the absence of a collective agreement they are less likely to follow collective agreement wage setting. Furthermore, the collective agreement coverage is eroding mainly in sectors with little to no hiring discrimination.

Björn Becker, Laszlo Goerke and Yue Huang: “Trade unions and life satisfaction in Germany”

If individuals join a trade union, their utility should be expected to increase. Accordingly, if net benefits are positively associated with individuals' life satisfaction, union members should also exhibit higher life satisfaction than comparable non-members. However, empirical findings provide mixed evidence on the correlation between life satisfaction and union membership status. Our paper aims to further develop the understanding of the relationship between life satisfaction and trade union membership in Germany. Using the rich German Socio-Economic Panel dataset from 1985 to 2019, we find a negative relationship between life satisfaction and union membership in OLS and FE models. Our research aims to deliver possible explanations for such a negative relationship through a variety of channels.

Abstracts

Session V (c): Covid-19 pandemic (1)

Alemayehu Taye, Liyousew G. Borga, Samuel Greif, Claus Vögele and Conchita D'Ambrosio: “Predictors of self-protecting behaviour during the early wave of the COVID-19 pandemic: A machine learning approach”

Using a unique harmonised real-time data from the COME-HERE longitudinal survey covering five European countries (France, Germany, Italy, Spain, and Sweden) and applying a non-parametric machine learning model, this paper identifies the main individual and macro level predictors of self-protecting behavior against COVID-19 during the first wave of the pandemic. Exploiting the explainability of a Random Forest algorithm via Shapely values, we find that higher regional incidence of COVID-19 and the stringency of government policy response trigger higher level of self-protective behavior. We also identify a steep socioeconomic gradient where lower level of self-protective behavior is associated with lower income, poor housing conditions and lower level of knowledge about the disease.

Bruno Pessoa Carvalho, Carolina Nunes, João Pereira dos Santos, Susana Peralta and Jos´e Tavares: “Failing young and temporary workers: The impact of a disruptive crisis on a dual labour market”

This paper analyses the impact of the pandemic crisis in a dual labour market, using monthly data covering the universe of individuals registered as unemployed in 278 Portuguese municipalities, between March and August 2020. Our event studies document a large causal impact of the pandemic of up to 40 percentage points increases in year-on-year growth rates of the monthly stock of unemployed. We document the asymmetric impact of the crisis by employing triple difference-indifferences. Younger workers, below the age of 35, are between 20% and 25% more likely to be unemployed, vis-`a-vis the older than 55. Middle educated individuals are at least 15% more likely to be unemployed when compared to the highly educated ones. There are no differences across genders for transitions into unemployment, but women have lower job placements than men. Both the overall effect and these asymmetries are exacerbated by the duality of the municipal labour market. Temporary workers are hit by a combination of a sectorial and an occupation effect. On the one hand, the share of temporary contracts is higher in sectors that were more hit by the crisis. On the other hand, the occupations of these workers are less likely to be prone to remote work.

Abstracts

Session V (d): Beauty

David Ong: “The college admissions contribution to the labor market beauty premium”

Beautiful people earn more. Surprisingly, this premium is larger for men than for women and is independent of the degree of customer contact. Overlooked is the possibility that beauty can influence college admissions. We explore this potential academic contributor to the labor market beauty earnings premium by sampling 1,800 social media profiles of alumni from universities ranked from 1 to 200 in China and the US. Chinese universities use only standardized test scores for admissions. In contrast, US universities use also grades and extracurricular activities, which are not necessarily beauty-blind. Consistent with beauty-blind admissions, alumni’s beauty is uncorrelated with the rank of the college attended in China. In the US, White men from high-ranked colleges are better-looking. As expected, the correlation is insignificant for White men who attended tech colleges and is highest for those who attended private colleges. We find that White women and minorities of either gender are not better-looking at high-ranked colleges. Our evidence suggests a college admissions contribution to the labor market beauty premium for US White men but not for alumni in China of either gender, White women, or minorities of either gender in the US, or for White men who attended a technical college. We discuss how the prevalent college admissions preference for athletes can explain our findings.

Linh Vi: “Gender differences in return to beauty”

Using a sample of 38,945 gender-targeted online job vacancies in Vietnam from February 2019 to July 2020, we explore gender differences in returns to physical attractiveness. Our paper contributes to the literature by introducing the beauty requirement mentioned in job ads obtained through text mining as a novel measure of beauty. We then employ advanced matching techniques (i.e., Propensity Score Matching and text matching) to investigate the earning effect of such beauty preference. Our results suggest that there is an overall wage premium of 3.3 to 5.2 percentage points for better-looking women, whereas no premium or even a wage penalty for their male counterparts. We also find that the return to look varies across different education, experience levels, job positions and geographical locations.

Abstracts

Session VI (a): Migration (6)

Ekaterina Sprenger: “What makes us move, what makes us stay: The role of culture in intra-EU mobility”

This article analyses the determinants of international migration flows within the European Union and specifically focuses on the role of cultural and linguistic differences in explaining the size of these flows. For that purpose, a set of indicators of cultural distance are controlled for along with economic, demographic, geographical, political and network variables using data from 28 member states of the European Union over the period 1998-2018. Economic factors play an important role in examining migration flows, but economic differentials alone may be insufficient to explain the uneven real-life migration pattern in the EU. The results suggest strong evidence of the importance of linguistic distance in explaining the direction of migration flows across the European Union.

Salvatore Carrozzo: “The labor market effects of an unexpected amnesty for undocumented workers”

This paper investigates the labor market effects of the 2002 Italian amnesty for undocumented workers which allowed employers to declare their undocumented employees. The amnesty granted a residence permit to around 700,000 foreign workers. Exploiting the variation in the share of amnesty workers within each labor market, I find a negative effect on the probability of being employed in the formal sector. Furthermore, I show an increase in the average wage due to a composition effect since amnesty tends to crowd out the lowest productive native workers. Indeed, using individual data, the employment effect persists while the wage effect fades away. This effect is higher within regions with a high fraction of low-skilled workers. To explain such mechanism, I develop a model showing firms' hiring decision in the formal market.

Abstracts

Session VI (b): Employment

Mario Bossler and Martin Popp: “Labor demand on a tight leash”

Although theory highlights search frictions in tight labor markets, standard models of labor demand do not account for labor market tightness. Given the universe of administrative employment data on Germany, we study the effect of labor market tightness on firms' labor demand using novel Bartik instruments that rely on predetermined firm shares and national shifts at the occupation level. In line with theory, the IV results suggest that a 10 percent increase in labor market tightness reduces firms' employment by 0.5 percent. When accounting for search externalities, we find that the individual-firm wage elasticity of labor demand reduces from -0.7 to -0.5 at the aggregate level. For the 2015 minimum wage introduction, the elasticities imply only modest disemployment effects mirroring empirical ex-post evaluations. Moreover, the doubling of tightness between 2012 and 2019 led to a significant slowdown in employment growth by 1.1 million jobs.

Andreas Hauptmann, Hans-Jörg Schmerer and Benjamin Schwanebeck: “Plant-level responses to the China shock at different employment margins”

This paper presents an empirical analysis of plant level responses to the China trade shock based upon a DSGE framework with heterogeneous firms, search and matching and employment protection. Our particular focus is on the interplay between the extensive and intensive employment margins. While soaring imports from China are associated with a higher probability of plant closure, incumbent firms react differently. Some surviving firms expand at the intensive margin, other firms contract their employment. Exports have similar effects at both margins. Firms in export oriented industries are less likely to exit and hire more workers at the intensive margin. These findings are supported by the simulation of our DSGE model. Based upon these benchmark results, we study the role of labor market institutions for the trade and employment nexus by simultaneous adjustments in both trade and employment protection costs. Our simulations show that firm selection is the main driver behind higher unemployment in the short-run. In the long-run, trade liberalization lowers unemployment. Employment protection mitigates the former but erodes the latter effect. Lower employment protection is associated with stronger unemployment effects in the short-run. The reducing effects on unemployment also become stronger when firing becomes cheaper.

Abstracts

Session VI (c): Covid-19 pandemic (2)

Sotiris Blanas and Rigas Oikonomou: “Covid-induced economic uncertainty, tasks, and occupational demand”

Covering the period January 2020 – December 2020, which was largely marked by Covid-induced economic uncertainty, this paper provides novel evidence on its effects on the absolute and relative demand for occupations in US states that were differentially exposed to it, according to their pre-Covid country-wide employment shares. It also provides novel evidence on how a broad range of occupational characteristics shaped these effects. The evidence is derived based on monthly online job postings data at the occupation-US state level that are matched with monthly measures of economic uncertainty in the US, annual occupation-state-level employment data, and data on fixed occupational characteristics. Intuitively, the analysis reveals that Covid-induced economic uncertainty decreased disproportionately the absolute and relative demand for occupation-state pairs that were more exposed to it. However, it impacted positively the relative demand for occupations with relatively high non-routine cognitive analytical, non-routine cognitive interactive, and non-routine manual task content, especially when these are also non-essential, as well as occupations that have both relatively high non-routine cognitive analytical and social or interaction task content. This evidence is consistent with the secular phenomenon of routine-biased technological change resulting in job polarisation and the growing complementarity between analytical and social tasks, but also potentially with its episodic aspect implying its acceleration during recessions. Additional evidence, though, are rationalised by idiosyncratic features of the pandemic shock (e.g. major health crisis, social distancing, lockdown): while Covid-induced economic uncertainty impacted negatively the relative demand for customer-oriented occupations (e.g. food service, personal service and care), it impacted positively the relative demand for essential or contact-intensive occupations with relatively high routine manual or routine cognitive task content, as well as occupations that are both contact-intensive and essential or service-oriented (e.g. healthcare practice and support, protective service, community and social service). Further research in this direction could help us to understand whether the latter effects are temporary or long-lasting.

Abstracts

Session VI (c): Covid-19 pandemic (2)

Yue Huang, Sumit S. Deole and Max Deter: “Home sweet home: Working from home and employee performance during the COVID-19 pandemic in the UK”

In 2020, the COVID-19 pandemic forced governments in many countries to ask employees to work from home (WFH) where possible. Using representative data of the employed respondents from the UK, we find that the pandemic-led increases in WFH frequency are associated with a higher self-perceived hourly productivity, notably among female employees working in occupations conducive to WFH. Interestingly, changes in WFH frequency are unrelated to the respondents' weekly working hours (and weekly wages) during the same period. We then perform effect heterogeneity analysis by separately focusing on males and females working in WFH feasible occupations. For males, we find that the WFH-productivity correlation is stronger among those who commuted larger distances (and spent longer commuting time) to the office before the pandemic. For females, while we observe a stronger WFH-productivity correlation among those with higher autonomy over work pace, a weaker correlation is found among mothers with school-age children, mainly due to increased homeschooling needs during the pandemic. Finally, looking at the future of WFH, we show that employees' recent WFH experience and subsequent hourly productivity are intimately associated with their desire to undertake WFH in the future.

Abstracts

Session VI (d): Gender(2)

Hannah Illing and Hanna Schwank : “The gender wage gap revisited: Evidence from worker deaths”

We propose a novel strategy to estimate the gender wage gap for workers who succeed each other in the same job position: Using a large administrative data set spanning more than 40 years, we identify unexpected worker deaths. We then determine the replacement worker for each open position, and compute the wage gap between each deceased-replacement worker pair. Most previous studies estimate gender wage gaps within the same occupation in a firm, omitting the possibility of within-team wage differences, e.g. resulting from hierarchical levels. In our setting, we improve on this by comparing workers doing exactly the same type of job. We find that even when holding the job position constant, a substantial gender wage gap emerges: While men replacing deceased women earn slightly higher wages than their predecessors, women replacing deceased men face a wage discount of 31 log points. In addition, replacing women’s wages grow much more slowly over time. Controlling for replacing workers’ prior employment histories only explains about one quarter of the gender wage gap.

Sascha Satlukal: “Gender differences in reservation wages: New evidence for Germany”

Generally women have lower reservation wages than men what may translate in substantial gender pay gaps in the labor market. Using both parametric and semiparametric estimators and data from the German Socio-Economic Panel 2007–2019, we analyze unexplained gender gaps in reservation wages in Germany. This paper adds to the literature by comparing estimation outcomes of both conventional and data-driven model specifications. While we find no raw gender gap in reservation wages, we find significant unexplained gender gaps (up to 8%). The estimates of the flexible data-driven models are especially robust across various estimators. This finding implies that marked gender gaps in reservation wages exist in Germany. In order to avoid that they translate in actual gender pay gaps, gender gaps in reservation wages should thus be on the political agenda.

Abstracts

Session VII (a): Human Capital

Narcisse Cha'ngom, Christoph Deuster, Frédéric Docquier and Joël Machado: “Brain drain, development and global inequality: A generalized approach”

We revisit the literature studying the impact of selective international migration on human capital accumulation, the level of development in the origin countries, and global inequality. We first develop a model establishing the micro-foundations of the relationship between skill-biased emigration and human capital accumulation in a multi-destination context, and examine its theoretical properties. In a second step, the model is calibrated to match data and (updated) empirical elasticities, and simulated to quantify the effect of the size and structure of international migration. We find that skill-biased emigration prospects stimulate human capital formation and induce brain gain effects in a majority of developing countries, reducing their skill gap with industrialized nations. We also embed the migration-education nexus into a development-accounting framework that accounts for the main transmission mechanisms through which emigration affects economic development in each origin country separately. Our simulations suggest that both migration intensity and immigrants' skill-selection reduce income-per-worker disparities between countries. We finally disentangle the effect of the size and the skill-structure of international migration on global inequality by simulating the model for all countries of the world simultaneously. Migration of workers from poor to rich countries increases the worldwide average income per worker and decreases the number of workers living in extreme poverty. We show that global migration increases the Theil index of inequality whereas immigrants' skill-selection reduces global inequality.

Abstracts

Session VII (a): Human Capital

Alberto Marcato: “Lights and shadows of employer concentration: On-the-job training and wages”

This paper studies the effect of employer concentration on the provision of on-the-job training and their combined effect on wages. I develop an oligopsony model of the labor market, where employers strategically decide wages and on-the-job training investment according to the level of employment concentration they face in a local labor market. High levels of employer concentration reduce both the separation and recruitment wage elasticities. Employers in highly concentrated markets find it more challenging to hire new workers and lose employees poached by competitors. On top of increasing workers’ productivity, on-the-job training has an ambiguous effect on separation and recruitment wage elasticities. A set of testable predictions for training and wages are derived and confronted with comparable microdata on training in the USA and Italy. Specifically, I estimate with an instrumental variable approach that high employer concentration in a local labor market (i) positively affects the firms’ training investment, (ii) reduces wages, (iii) decreases the training-induced wage premium, and (iv) increases workers productivity. Finally, these findings suggest that using employer concentration as a direct measure of labor market competition underestimates the negative effect of concentration on wages.

Abstracts

Session VII (b): Wages (2)

Bernhard Schmidpeter: “Exposure to labor market news and expectations about job search & earnings”

I show that workers update expectations about job search and earnings when exposed to both positive and negative labor market news. To identify the impact of positive news, I exploit a unique setting, Foxconn’s announcement to create thousands of high-paying jobs in Racine, Wisconsin. Consistent with predictions from directed search models, I find that individuals exposed to positive labor market news do not adjust their expectations about the job arrival rate. But, conditional on expecting an offer, they revise their expectations about potential salary offered considerably upward. Exposure to positive news also increases the expected salary growth at the current firm, even if an individual does not expect the employer to match any potential outside offer. This implies that positive news leads to an increase in workers’ perceived bargaining power, but also that firms and workers frequently bargain over wages, even without explicit outside offers. Using Foxconn’s later announcement of a downward revised new investment plan to identify the impact of bad news, I find strong asymmetries in the updating process.

Theresa Markefke and Christian Bredemeier: “The career costs of part-time: Human capital, signalling, and dynamic self-selection”

We distinguish between voluntary and involuntary part-time to correct for dynamic self-selection into part-time and to assess the relative importance of signaling versus human-capital loss as mechanisms behind the career costs of part time. Considering first transitions into involuntary part-time in event studies, we find part-time penalties which are smaller in magnitude and longevity experience compared to approaches which consider part-time in general. Subsequent earnings losses are particularly small for part-time workers who work more than 15 weekly hours, remain in their jobs and firms, and are female. Human-capital losses matter, but to a smaller extent than previous findings suggest.

Abstracts

Session VII (c): Health (1)

Chiara Ardito, Nicolás Zengarini, Roberto Leombruni, Angelo d’Errico and Giuseppe Costa: “Increasing inequalities in mortality by socioeconomic position in Italy”

Background

This article investigates the evolution of inequalities in life expectancy at 65 and all-cause mortality by socioeconomic position (SEP) in Italy.

Methods

For this study, we used two large administrative data sets, one covering the Italian private sector employees’ population in the years 1990–2019, the other covering for the years 1981–2019 all private and public sector workers of Turin, the fourth largest city of Italy.

Life table techniques are used to estimate the evolution of life expectancy at 65 years by different income quantiles and occupational classes. Negative binomial regression analyses are performed to calculate the interaction effect of socio-economic position and year on mortality controlling for several individual and contextual factors and the mutual adjustment of the second measure of SEP.

Results

We find that social inequalities in life expectancy at 65 and all-cause mortality have widened in Italy during the last decades because longevity improved for mid- to high SEP individuals whereas it hardly changed for workers in the lowest SEP.

Conclusions

These results have important policy implications as socio-economic inequalities in longevity may imply regressive redistribution and undermine the equity of a pension system.

Abstracts

Session VII (c): Health (1)

Lisa Pütz: “Workplace conflicts and sickness absence: Evidence from the German Socio-Economic Panel”

Identifying determinants of sickness absence can help organizations in reducing sick leave and the immense costs associated with it. This study focuses on conflicts at the workplace as a potential driver of sickness absence. In addition, this study investigates the role of psychological detachment from work and social support at work for the relation between workplace conflicts and sickness absence. Identifying these variables as relevant mediators or moderators of the relation can provide an orientation regarding measures that can prevent workplace conflicts from spilling over into increased sick leave. Using data from the German Socio-Economic Panel (SOEP), workplace conflicts are identified as a relevant driver of sick leave. The roles of detachment and social support are analyzed and valuable implications for corporate practice are derived.

Abstracts

Session VII (d): Gender (3)

Rodrigo Ceni, Estefanía Galván and Cecilia Parada: “Gender gaps and the role of female bosses: Evidence from matched employer-employee administrative data”

Using matched employer-employee administrative data for Uruguay this paper investigates how the gender composition of bosses at firms affects the gender gaps in labor market outcomes of workers. Our results show that having a higher representation of female bosses at the firms leads to lower pay gaps. By including workers’ and bosses’ fixed effects to control for unobserved heterogeneity, we find that working in a firm where there is at least one female boss reduces the gender pay gap by 1.51 log points, and by 3.24 log points when at least fifty percent of the bosses are females. Our results show that gender pay gaps are substantially lower among civil servants compared to those of private workers, but even in these large public firms having female bosses causally reduces the gender pay gaps. We present suggestive evidence that these results are partially explained by female employees being more likely to be promoted when working for a group of bosses with a female composition of at least fifty percent.

Paolo Santini and Caroline Coly: “Women of struggle: The role of women in the American labor movement”

Labor unions have traditionally been the advocates of workers’ equality, but women have been under-represented among their ranks for a long time. Using a novel rich dataset on the composition of American unions’ workers between 1959 and 2016, we analyze the evolution of gender inequalities within labor unions, and compare it with the evolution of inequalities in the general society using the CPS. We find that, although the share of women among union workers rose quickly in the 1970s as women labor force participation increased, the share of female among union executives increased much less and is still below 25% today. As women’s enrollment in unions’ key positions has increased, the gender wage gap has decreased and is now very close to zero, even at the very top. We explain our results by two factors: i) the increasing feminization of union membership; and ii) the change in the prevailing social norms. Those results indicate that, although unions’ main role has always been to fight for workers’ rights and more equality, they have not themselves always been exempt from the inequalities that affect the labour market and they further need to work within their organizations to pave the way to equality.

Abstracts

Session VIII (a): Discrimination

Lucas van der Velde and Joanna Tyrowicz: “Statistical gender discrimination: Evidence from young workers across four decades and 56 countries”

Statistical discrimination offers a compelling narrative on gender wage gaps among younger workers. Employers could discount women’s wages to adjust for probable costs linked to childbearing. Given trends towards lower and delayed fertility one should observe a lower discount in wages and a reduction in the gender wage gap among entrants. We test this conjecture using estimates of adjusted gender wage gap among young workers from 56 countries. We find that postponing childbirth by a year reduces the adjusted gap by two percentage points (15%). We further benchmark the implied gender inequality with the help of time-use data.

Johnson Kakeu, Guy Tchuente and John Nana Francois: “The forest behind the tree: Heterogeneity in how U.S. governor’s party affects black workers”

Income inequality is a distributional phenomenon. This paper examines the impact of U.S. governor’s party allegiance (Republican vs Democrat) on ethnic wage gap. A descriptive analysis of the distribution of yearly earnings of Whites and Blacks reveals a divergence in their respective shapes over time suggesting that aggregate analysis may mask important heterogeneous effects. This motivates a granular estimation of the comparative causal effect of governors’ party affiliation on labor market outcomes. We use a regression discontinuity design (RDD) based on marginal electoral victories and samples of quantiles groups by wage and hours worked. Overall, the distributional causal estimations show that the vast majority of subgroups of Black workers earnings are not affected by democrat governors’ policies, suggesting the possible existence of structural factors in the labor markets that contribute to create and keep a wage trap and/or hour worked trap for most of the subgroups of Black workers. Democrat governors increase the number of hours worked of Black workers at the highest quartiles of earnings. A bivariate quantiles groups analysis shows that democrats decrease the total hours worked for Black workers who have the largest number of hours worked and earn the least. Black workers earning more and working fewer hours than half of the sample see their number of hours worked increase under a democrat governor.

Abstracts

Session VIII (b): Wages (3)

Torben Dall Schmidt: “Offshoring, reshoring and location effects. What are the effects of internationalization on wages in different locations?”

Relocating production and business activities in general has been a trend over a long period. The current health crisis associated with COVID-19 has fostered a discussion of new trends of reshoring such activities and policies have also been formulated in that respect. A literature has investigated general productivity and wage effects of these trends. No contributions though consider effects on the urban wage premium. We therefore consider two spatial dimensions in wages. Wage effects of internationalization in firms and wage differences between urban and non-urban areas. Starting with benchmark model, general results point to the importance of offshoring and reshoring to understand the urban wage premium. Providing evidence for SMEs versus large firms, by destination of offshoring and by type of activity being downstream of upstream, we furthermore prove some suggestive evidence on the relative importance of factor costs, unbundling costs and productivity from offshoring or reshoring on the wage differences between urban and non-urban areas.

Marcel Steffen Eckardt and Michael Neugart: “Policy complementarities to curb market power and raise real wages”

Recent evidence suggests that anti-competitive behavior of firms negatively affects workers’ real wages. Typically, policy actions relate to antitrust regulation and rarely to measures that curb employers’ monopsony power. We show that policymakers who want to raise workers’ real wages should address both types of market power simultaneously to gain from a policy complementarity.

Abstracts

Session VIII (c): Health (2)

Mattis Beckmannshagen and Johannes König: “Out for good: Labor market effects of transitory and persistent health shocks”

Health shocks impair individuals’ ability to participate on the labor market and present a major risk to household welfare. Based on sick days and hospitalizations we introduce two novel health shock indicators: one for transitory and one for persistent shocks. We show how these two shock types affect labor market outcomes, such as employment, yearly hours, and labor earnings, but also partner earnings and household net income. We find large negative employment effects of persistent shocks that end up negatively affecting household net incomes. In contrast, transitory shock induce only minor employment effects that leave household net incomes unaffected.

Elisabeth Wurm and Alyssa Schneebaum: “Health insurance and labor supply: Evidence from same-sex couples”

Evidence on a link between health insurance and the labor supply of prime-age workers is scarce. We exploit a unique setting in which same-sex couples were granted access to spousal health insurance and identify labor supply responses among prime age workers in the US. We show that labor supply drops when female prime-aged workers in same-sex couples get access to health insurance, while men in same-sex couples become more likely to be self-employed. Changes to labor supply are strongest for individuals with pre-existing illnesses.

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