



Programme



IAAEU

Institute for Labour Law
and Industrial Relations
in the European Union

Workshop on Labour Economics 2019

Institute for Labour Law and Industrial Relations in the European Union | Trier University

Workshop on Labour Economics 2019

12th – 13th April 2019

Programme (as of April 3rd)

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 (Economic 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.

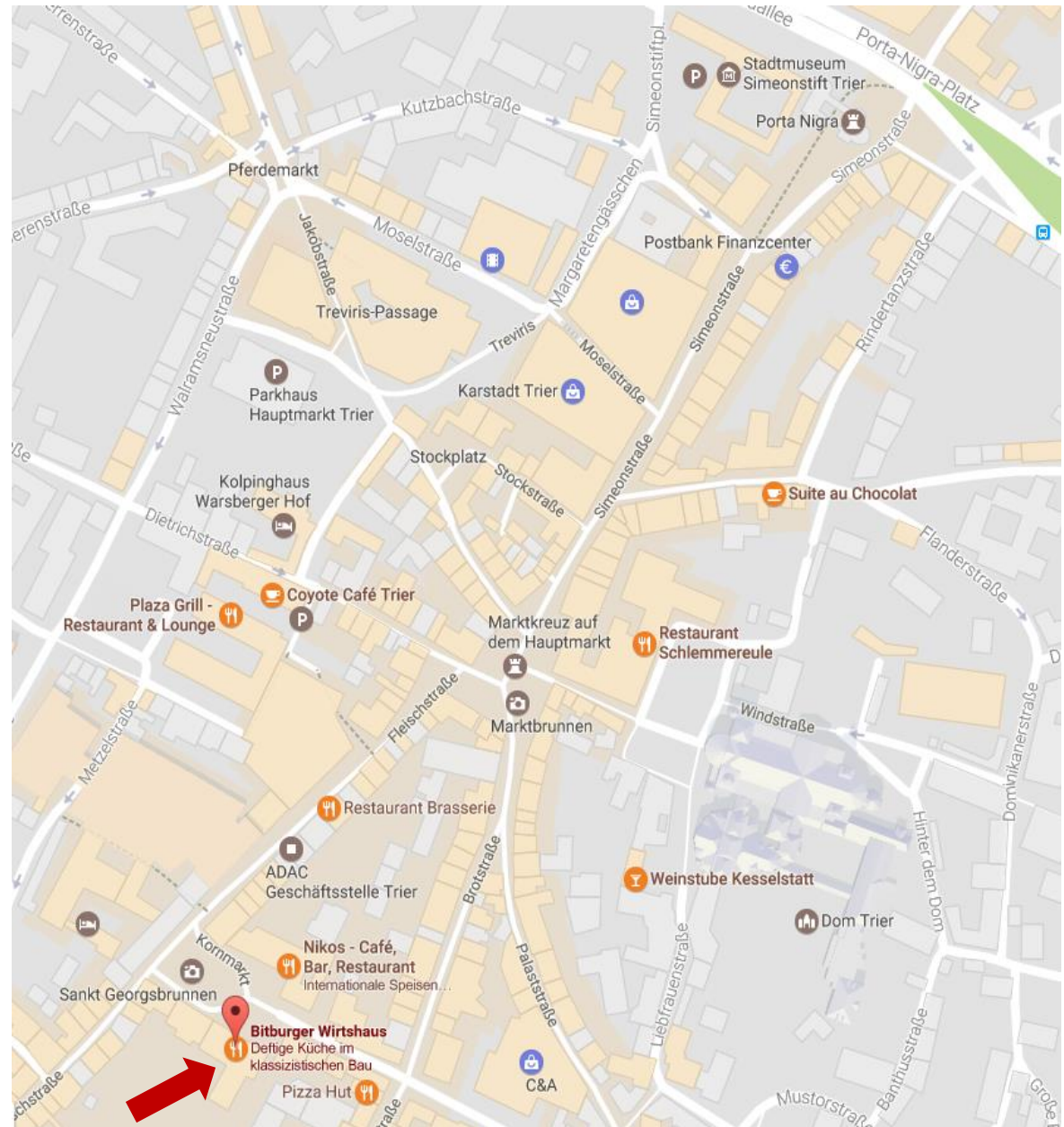
For detailed information have a look at our website: <http://www.iaaeu.de/en>

April 11th 2019
19:30 Get Together

Venue:

Bitburger Wirtshaus
Kornmarkt 1 – 3
54290 Trier

Tel.: +49 (0) 651 43 61 88 0
www.wirtshaus-trier.de



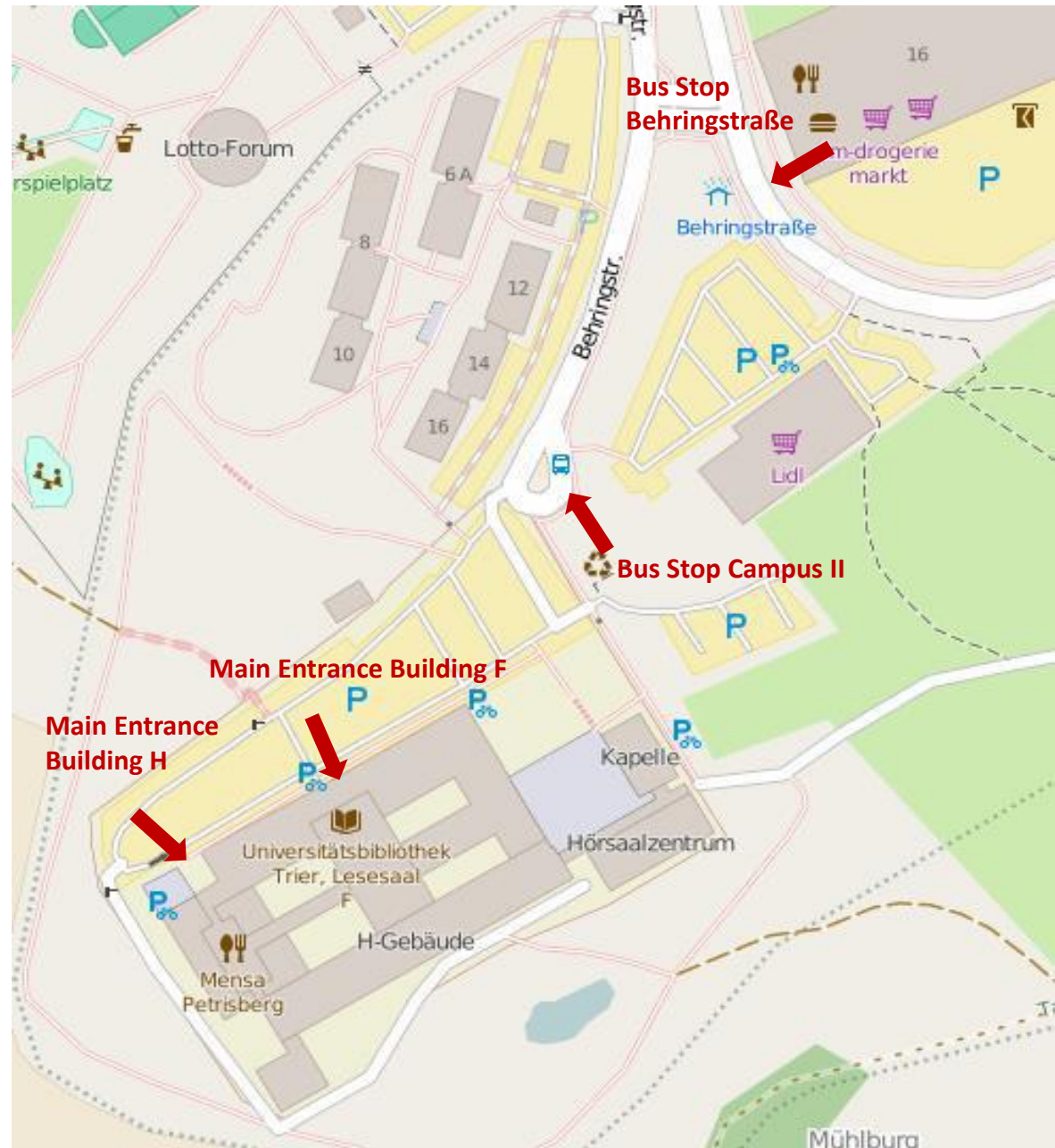
April 12th and 13th 2019 WLE 2019

Venue:

IAAEU
Trier University, Campus II (Building H)
Behringstraße 21
54296 Trier

Meeting Rooms:

H 714 (Building H, 7th Floor)
H 730 (Building H, 7th Floor)



April 12th 2019

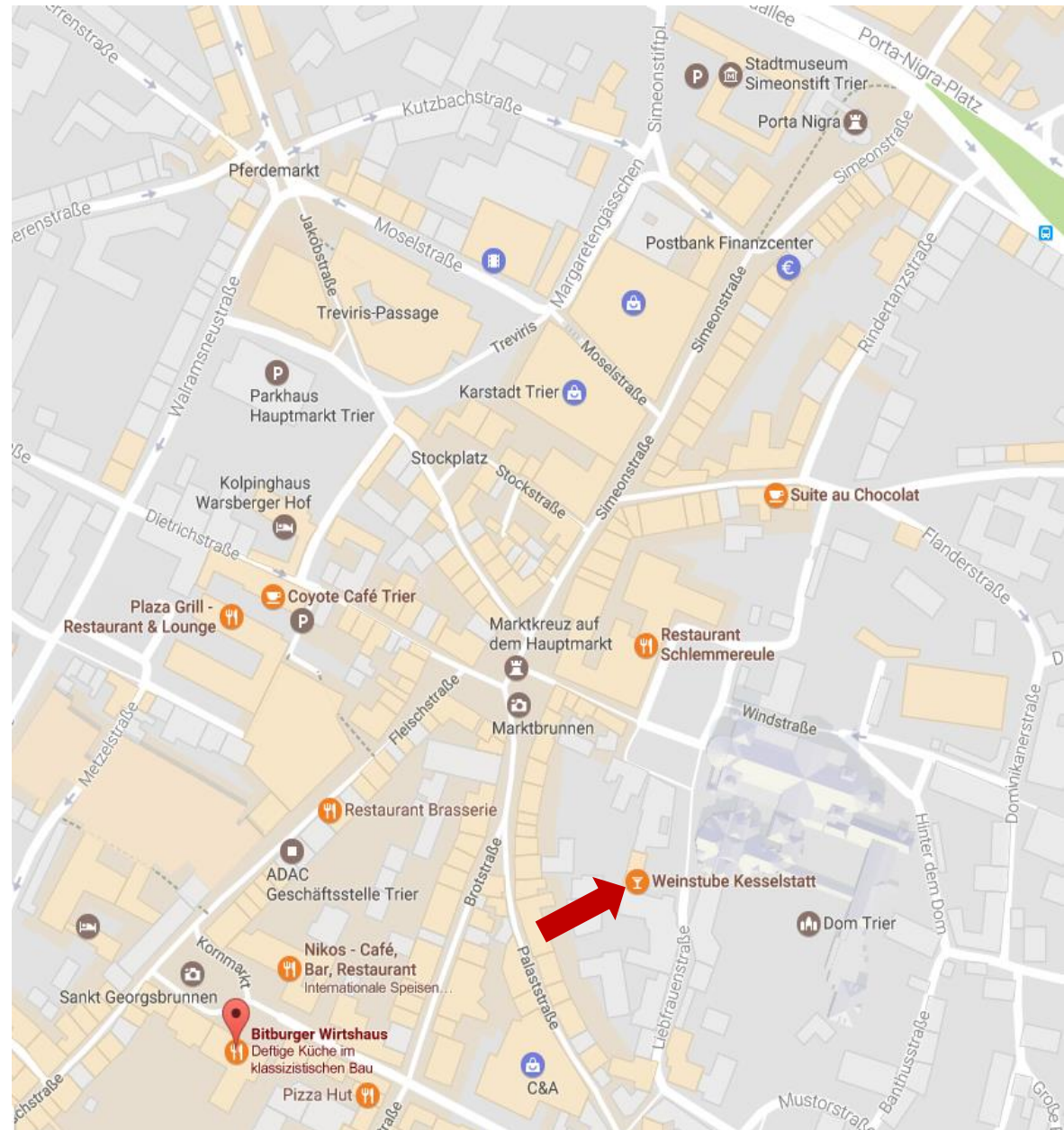
20:00 Conference Dinner

Venue:

Weinstube Kesselstatt
Liebfrauenstraße 10
54290 Trier

Tel.: +49 (0) 651 41178

www.weinstube-kesselstatt.de



Schedule – Workshop on Labour Economics 2019

Thursday, April 11th 2019

19:30 Get together at *Bitburger Wirtshaus* (Kornmarkt 1 – 3, 54290 Trier)

Friday, April 12th 2019

08:00 – 08:30	Registration
08:30 – 08:45	Welcome and Opening
08:45 – 10:05	Parallel Session I
10:05 – 10:25	Coffee Break
10:25 – 11:45	Parallel Session II
11:45 – 12:40	Lunch (organised)
12:40 – 13:40	Session III (Poster Session)
13:40 – 15:40	Parallel Session IV
15:40 – 16:00	Coffee Break
16:00 – 17:20	Parallel Session V
17:20 – 17:30	Coffee Break
17:30 – 18:30	Keynote Lecture
19:00 – 19:45	Social Event: Wine Tasting
20:00	Conference Dinner at <i>Weinstube Kesselstatt</i>

Schedule – Workshop on Labour Economics 2019

Saturday, April 13th 2019

09:15 – 10:35	Parallel Session VI
10:35 – 10:55	Coffee Break
10:55 – 12:55	Parallel Session VII
12:55 – 13:00	Best Paper Award
13:00	Farewell Lunch

All sessions will take place at IAAEU, Trier University, Campus II, Building H, 7th floor, in rooms H714 and H730.

Programme – Friday, April 12th

08:00 – 08:30

Registration

08:30 – 08:45

Welcome and Opening

08:45 – 10:05

PARALLEL SESSION I

Session I (a), H714: Methods

Nicolas Apfel: “Relaxing the exclusion restriction in shift-share IV estimation”
(Discussant: Bossler)

Mario Bossler: “Measurement error, treatment effect dilution, and data aggregation: implications for minimum wage evaluations”

Session I (b), H730: Polarization

Maxime Pettinger: “Cross-country differences in terms of labor market polarization: the role of institutions”
(Discussant: Gomes)

Martin Popp: “The demand for labor by skills and tasks: Scale effects and job polarization”
(Discussant: Gyöngyösiy)

10:05 – 10:25

Coffee Break

Programme – Friday, April 12th

10:25 – 11:45

PARALLEL SESSION II

Session II (a), H714: Immigration

Bernd Josef Leisen: “Refugees on the German rental housing market and the integration potential of permanent employment, prosocial alternatives to employment and local supporters”
(*Discussant: Kyzyma*)

Madhinee Valeyatheepillay: “On the anatomy of a refugee dispersal policy: neighborhood integration and dynamic sorting”
(*Discussant: O'Connor*)

Session II (b), H730: Effort and Performance

Luca Fumarco: “Multi-year contracts and workers’ performance - evidence from the National Hockey League”

Sheheryar Banuri: “It’s not all fun and games: feedback, purpose and effort”

11:45 – 12:40

Lunch (organised)

Programme – Friday, April 12th

12:40 – 13:40

SESSION III (POSTER SESSION)

Elisa Gerten: “Digitalization, workplace organization and employee motivation: A causal mediation analysis”

Konstantin Homolka: “Face-to-face fundraising and the option to pay cashless - evidence from a field experiment”

Giorgia Menta: “Boys don't cry (nor do the dishes): family size and the housework gender gap”

Christian Walter: “Better a woman than a skilled man? A field experiment on gender based discrimination in the childcare market.”

Christoph Wirp: “The impact of technological age”

Programme – Friday, April 12th

13:40 – 15:40

PARALLEL SESSION IV

Session IV (a), H714: Wages

Thilo Kroeger: “Servitization, wages, and inequality”
(Discussant: *Nevoux*)

Pedro Gomes: “You’re the one that I want! Public employment and women’s labor market outcome”

Michael Knoblach: “Skill-biased technological change, endogenous labor supply and the skill premium”
(Discussant: *Banuri*)

Session IV (b), H730: Innovation & Employee Representation

Alexander Lammers: “Employee representation and innovation – disentangling the effect of legal and voluntary representation institutions in Germany”
(Discussant: *Berton*)

Fabio Berton: “Do unions affect innovation in Italy? Evidence from firm-level data”

Clément Brébion: The ‘strategic discrimination’ of works councilors in Germany: new evidence of the demise of a model?
(Discussant: *Sonedda*)

Programme – Friday, April 12th

15:40 – 16:00 Coffee Break

16:00 – 17:20 PARALLEL SESSION V

Session V (a), H714: Job Search & Job Insecurity

Miriam Bömer: “The Importance of Non-monetary Determinants in the Job Search Process: Theory and Empirical Evidence”

(Discussant: Lepinteur)

Anthony Lepinteur: “The asymmetric experience of gains and losses in job security on health”

Session V (b), H730: Discrimination

Daniel Kopp: “Screening recruiters at work: determinants of ethnic discrimination on an online recruitment platform”

(Discussant: Fumarco)

Kelsey O'Connor: “The effect of immigration on natives' well-being in Europe”

Programme – Friday, April 12th

- 17:20 – 17:30** **Coffee Break**
- 17:30 – 18:30** **KEYNOTE LECTURE**
Patrick A. Puhani: “Fair but imperfect: functional discrimination in a procedurally fair hiring process”
- 19:00 – 19:45** **Social Event: Wine Tasting**
- 20:00** **Conference Dinner**
(Bus transfer will be organised.)

Programme – Saturday, April 13th

09:15 – 10:35

PARALLEL SESSION VI

Session VI (a), H714: Female Labour Supply

Astrid Pape: “Daycare fees and parental labour supply: evidence from a fee abolition reform”
(Discussant: *Barseghyan*)

Gayane Barseghyan: “Child care policy, maternal labor supply and household welfare: Evidence from a natural experiment”

Session VI (b), H730: Employment Effects

Daniela Sonedda: “Getting out of the starting gate on the right foot: employment effects of investment in human capital”

Sandra Nevoux: “Local diffusion of short-time work”

10:35 – 10:55

Coffee Break

Programme – Saturday, April 13th

10:55 – 12:55

PARALLEL SESSION VII

Session VII (a), H714: Education and Human Capital

Liyousew Borga: “Whoever has will be given more: child endowment and human capital investment”

Gyozo Gyöngyösiy: “Financial distress and student performance”

Iryna Kyzyma: “Education-health relationship: New evidence from a distributional perspective”

Session VII (b), H730: Labor Market Theory

Henrik Vetter: “Wage contracts as a collusive practice”

Mariya Mitkova: “Optimal promotions of competing firms in a frictional labour market with organizational hierarchies”

(Discussant: Vetter)

Alessa Schottke: “The effects of status concerns on labor markets”

(Discussant: Borga)

Programme – Saturday, April 13th

12:55 – 13:00 **Best Paper Award**

13:00 **Farewell Lunch**

Instructions for Presenters, Discussants and Chairs:

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

- PhD students (with discussion): 25 minutes for your presentation, 5 minutes for assigned discussant and 10 minutes for questions.
- All other presenters: 30 minutes for your presentation and 10 minutes for questions.

Please keep in mind to bring your presentation on a USB stick in a common file format such as .ppt or .pdf.

Organisational Information

Internet Access:

via the *eduroam* network:

- Please make sure your WLAN function is enabled.
- Select “eduroam” and click “Connect”.
- Log in with your own university account.

with guest account:

- Follow instructions from the organisers.

Directions from downtown Trier to the workshop venue:

On Friday: **Bus 4** towards “Irsch Hockweiler Str.” or **Bus 14** towards “University Campus II” (both from the main station bus platform 4 or from the Porta Nigra bus platform 1) to the “University Campus II”, travel time from the Porta Nigra: about 20 min., from the main station: about 15 min.

Recommended bus:

Bus 4: Departure at Porta Nigra on April 13th: 07:43 am (Arrival: 08:03am)

Bus 4: Departure at main station on April 13th: 07:46 am (Arrival: 08:03am)

On Saturday: **Bus 85** towards “Pluwig, Ruwerstraße” (from main station bus platform 5) to “Behringstraße”.

Recommended bus:

Departure at main station on April 14th: 08:45am (Arrival: 09:00 am at station “Behringstraße”)

(Please note that there is no direct connection from the Porta Nigra to Campus II on Saturdays!)

Abstracts

Session I (a): Methods

Nicolas Apfel: “Relaxing the exclusion restriction in shift-share IV estimation”

Shift-share instrumental variables are widely used across numerous fields of empirical economics. The instruments are generated by multiplying shares with aggregate-level shifts and summing these products over the shifts' dimension. If only one of these products is endogenous, the exclusion restriction is usually not fulfilled for the shift-share instrument. I show that the exclusion restriction can be generalized to cases when either more than half or the largest group of shift-share products are valid. The modified shift-share estimator yields consistent estimates when these assumptions hold. I discuss extensions of the employed methods for fixed effects models and show that they work in Monte Carlo simulations. Estimating the effect of Chinese import competition on employment and of immigration on labor market outcomes in the United States illustrates the procedures.

Mario Bossler, Christian Westermeier: “Measurement error, treatment effect dilution, and data aggregation: implications for minimum wage evaluations”

Standard econometric theory predicts attenuation bias towards zero in the presence of measurement error in the independent variable. We assess the role of measurement error in a situation where the binary treatment variable is inferred from a survey wage distribution. Using both Monte Carlo experiments and empirical distributions of wages and error terms—derived from a comparison of survey and administrative data—we find that the treatment effect is biased towards zero in the presence of classical measurement error. Aggregation of the treatment information to households, firms or regions, does not fully alleviate the bias. In fact, the magnitude and the direction of bias depend on the size of aggregation units and the allocation of treated individuals to such units. In cases of strongly segregated allocation, measurement error can cause an upward bias of the estimated treatment effect. In applications such as the evaluation of minimum wages this bias can be substantial, even if the evaluation follows rigorous empirical standards.

Abstracts

Session I (b): Polarization

Arnaud Dupuy, Maxime Pettinger: “Cross-country differences in terms of labor market polarization: the role of institutions”

In this paper, we model the impact of highly centralized and coordinated unions on labor market polarization. We introduce these unions in a Ricardian model of the labor market à la Acemoglu and Autor (2011), and such as to capture cross-country stylized differences in terms of wage polarization. Indeed, while job polarization have been observed both in the US and in Europe, there are only clear signs of wage polarization in the US. The unions we consider end up compressing the wage structure by setting a positive wage premium for low- and middle-skill workers while imposing a negative wage premium on high-skill workers. A particularly interesting prediction concern job polarization, which our model predicts to be mitigated by the presence of unions operating in a continental European/Nordic-like wage-setting process.

Andreas Peichl, Martin Popp: “The demand for labor by skills and tasks: scale effects and job polarization”

Wage rises will make firms reduce labor demand for two reasons: substitution and scale effects. However, empirical knowledge on scale effects is limited. In this study, we re-assess the overall relationship between wages and labor demand by for the first time estimating a profit-maximization model with linked employer-employee data. Unlike related studies, we address endogeneity in wages and differentiate wage elasticities of labor demand with respect to skills and to various type of tasks. Our results suggest that scale effects matter. With their inclusion, the well-documented inverse U-shaped pattern between skills and substitution effects becomes a U-shaped pattern. Strong scale effects render demand for manual routine, cognitive routine, and analytical non-routine tasks particularly elastic. Given the polarization of jobs between 1993 and 2010, our elasticity estimates can explain occupational employment patterns in German manufacturing during the 1990s.

Abstracts

Session II (a): Immigration

Bernd Josef Leisen, Vanessa Mertins, Christian Walter: “Refugees on the German rental housing market and the integration potential of permanent employment, prosocial alternatives to employment and local supporters”

Access to own living space is an important goal in the integration process of immigrants. The high proportion of refugees in the total number of homeless registered in Germany indicates considerable obstacles to access to the private housing market. This study uses a field experiment to provide new evidence (a) on the extent of possible discrimination against refugees on the German rental housing market and (b) on the integration potential of different types of occupation and social contacts. Our results suggest that the transition from job-seeking refugees into permanent employed individualst also improves their chances on the rental housing market significantly. Starting a prosocial engagement in the Public Volunteering Service slightly (but not significantly) increases positive responses from landlords, whereas a prosocial activity in Direct Employment Programs has the opposite effect. Whether social contacts to locals increase the chances depends on the combination of refugee’s occupation and the gender of the local supporter.

Matz Dahlberg, Madhinee Valeyathepillay : “On the anatomy of a refugee dispersal policy: neighborhood integration and dynamic sorting”

This paper uses Swedish geocoded data to empirically investigate the effect of a geographic dispersal policy on the characteristics of the refugees’ individualized (k-nearest) neighborhoods and the placed refugees’ neighborhood trajectories over time. Our findings indicate that the initial neighborhood of placed refugees are defined by a higher share of natives, a lower share of non-Western immigrants and a higher share of high-income individuals compared to refugees that arrived in a time period when they could choose themselves where to locate. In this sense, the placed refugees are geographically more integrated. We also find that, in subsequent moves for the placed refugees, those moving longer distances experience a drop in the share of natives and an increase in the share of non-Western in their close neighborhoods. Stayers and short-distance movers, on the other hand, have a less drastic change in their neighborhood in terms of share of natives and nonwestern over time.

Abstracts

Session II (b): Effort and Performance

Luca Fumarco, Alberto Palermo, Giambattista Rossi: “Multi-year contracts and workers’ performance - evidence from the National Hockey League”

The focus of this study is the conduct of shirking behaviour by workers in the initial part of multiple years contracts with the adoption of strategic behaviour at the end of their contract spell. In other words, workers tend to decrease their performance just after the signing of a multiple-years contract, while in the proximity of their contract expiration they tend to increase their effort to improve their performance to secure a new contract renewal. In our case, the research context regards the NHL players with their signings of multiple years contracts over a ten-season period, from 2007/08 to 2016/17. Our dataset is wider enough to cope with the endogeneity problems faced by similar studies in the literature. This approach allows us to increase the statistical power of the analysis that compensate the bias of outliers in terms of contract length. In relation to the type of free agency contracts, our results highlight that unrestricted free agents generally tend to underperform more as they are likely to be less motivated and relatively older. Conversely, restricted free agents tend to over-perform at the end of the contract, when their performance is measured in terms of games played and penalty minutes.

Sheheryar Banuri, Kataína Danková, Philip Keefer: “It’s not all fun and games: feedback, purpose and effort”

Performance feedback is pervasive but its effects are not well understood. Why do they vary across individuals? Do performance effects depend on how feedback is presented? Using a novel experimental design, we show that the effects of performance feedback do depend on the design of feedback systems, and that feedback effects vary with task motivation, competitive preferences, and extrinsic incentives. A feedback system that incorporates elaborate point systems, symbolic rewards, relative performance and narrative structure significantly increases effort, but only for those who are task-motivated. Relative performance feedback, standard in organizations seeking to increase productivity, is effective by itself, but only among those who are task-motivated and have strong preferences for competition. Feedback that explicitly ties individuals’ effort to a larger narrative or purpose also has a significant effect on effort, but moreso among the *least* task-motivated.

Abstracts

Session III (Poster Session)

Elisa Gerten, Ludivine Martin: “Digitalization, workplace organization and employee motivation. A causal mediation analysis”

This study investigates the motivational consequences of using information and communication technologies (ICT) at work. More precisely, we analyze the direct and indirect effect of using digital tools on employee motivation, thereby identifying a possible channel: workplace organization. We use cross-sectional Luxembourgish data on working conditions, work life quality, and on organizational and managerial practices. From a theoretical point of view, ICT can on the one hand directly foster employee motivation by providing better access to information and communication tools allowing more collaboration, social interactions and continuous improvement. On the other hand, employee autonomy and monitoring as instruments of job design and workplace organization can serve as an indirect channel to affect employee motivation. Methodologically, we apply causal mediation analysis. Preliminary results show that the effect of using ICT on employee’s motivation is partially driven by the channel of workplace organization.

Adrian Chadi, Laszlo Goerke, Konstantin Homolka, Sabrina Jeworrek: “Face-to-face fundraising and the option to pay cashless - evidence from a field experiment”

Cashless payments are ubiquitous. However, previous research suggests that this is not the case for all kinds of economic transactions. When people are asked face-to-face to contribute for charitable giving, offering a cashless option (CO) affects individuals’ decision-making in such a way that some are deterred from giving. To investigate this phenomenon in more depth, we conducted a field experiment in cooperation with the organizers of an art exhibition at a German university. After taking a guided tour, visitors were asked to fill out a feedback survey and to contribute for the purpose of continuing the exhibition. As a first treatment, we randomly manipulated the opportunity to make a cashless donation. To check whether the findings are special to donation only, we additionally implemented two pay-what-you-want (PWYW) treatments (with and without manipulation of the cashless option) by asking to compensate the service of the tour, again for the same purpose. Our results confirm that donors shy away from CO in all treatment conditions. Despite that, we do not find a negative effect of CO, neither in PWYW, nor in the donation condition. On the contrary, the number of donations increases in subsamples of non-student visitors and frequent debit card users.

Abstracts

Session III (Poster Session)

Anthony Lepinteur, Giorgia Menta: “Boys don't cry (nor do the dishes): family size and the housework gender gap”

We here use data from the British Cohort Study (BCS) to link family environment, specifically family size, to the allocation of household chores to children at age 16 and to the prevalence of the housework gender gap in adulthood. Assuming that an increase in family size increases the minimum amount of time a family needs to devote to housework, we develop an OLG model that predicts that the probability to contribute to the household tasks may be higher for girls than for boys. Using an instrumental variable approach to account for the endogeneity of fertility decisions, we show that an increase in family size has a different effect for boys and for girls at age 16: girls in large families are significantly more likely to contribute to the housework, while family size does not affect the amount of chores performed by boys. We then demonstrate that the size of the family during childhood affects the housework gender gap between the cohort members and their partners at age 34. Women who grew up in larger families are more likely to perform a high share of household tasks in adulthood, as compared to women who were raised in smaller families. In addition, an increase in family size at age 16 makes cohort members more likely to sort into households with a larger housework gender gap. Finally, we show that the effect of family size is driven in large part by low-income families in our sample, suggesting that the outsourcing of household tasks may help sustaining fertility without aggravating the housework gender gap.

Abstracts

Session III (Poster Session)

Bernd Josef Leisen, Vanessa Mertins, Christian Walter: “Better a woman than a skilled man? A field experiment on gender based discrimination in the childcare market.”

Although several recruiting campaigns have been initiated to attract more men for early education to supply the increasing demand for childcare, the proportion of men remains low. We conducted two field experiments to test for gender-based discrimination in the childcare market. In experiment 1, we sent applications for 626 private childcare jobs throughout Germany and investigate whether men benefit from an apprenticeship, parent recommendations or own parenthood. Applications by men, independent of occupational benefits, received significantly fewer responses, fewer positive messages and fewer opportunities to get in contact with parents than female counterparts without any occupational information. Our data suggest that parents seem to have a distinct preference for female helpers and the anticipation thereof by prospective male child care workers may constitute a major obstacle for self-selection into private childcare markets. In experiment 2, we adjusted the design to the professional daycare market and varied the applicants’ gender and apprenticeship (social assistant and educator). In line with previous findings showing a non-existence of minority discrimination in bottleneck markets with excess demand, our (very preliminary) results based on 255 matched applications display no gender-based discrimination. The strikingly high response rates express employers’ high effort to challenge the skill shortage in the childcare market.

Christoph Wirp: “The impact of technological age”

This paper analyzes the impact of technological change during an individual’s working life on wages. Using a detailed dataset of German individuals, the paper maps technological progression on an occupational level from 1979 to 2012. In the next step, the analysis computes the technological change each person has witnessed in his or her working life (which in the analysis will be called the “technological age” of a person) and estimates the individual wage effect of technological age for 36 different occupations. As hypothesized, technological age has a negative and significant impact on wages. This is true for 34 of the 36 occupations. However, unexpectedly, this effect seems to be larger in occupations that have undergone comparatively less technology change than other occupations.

Abstracts

Session IV (a): Wages

Dominik Boddin, Thilo Kroeger: “Servitization, wages, and inequality”

In this paper, we examine the effects of increasing structural change at the establishment level on wages and within-establishment inequality. We find that higher *servitization* of an establishment is on average associated with a lower pay level for otherwise equal workers. This result is particularly pronounced in the manufacturing sector. Differentiating between worker groups by occupation and skill, we cannot confirm the general assumption of competitive labor markets. Increasing shares of workers with service occupations positively affects medium-skilled workers' wages, even though their absolute and relative labor demand falls. To the best of our knowledge, this paper is the first that identifies establishment-level *servitization* as a main driver for increasing within-establishment inequality. We find that (depending on the specification), *servitization* accounts for 20-50% of the observed increase in the inequality between 1994 and 2014.

Pedro Gomes, Zoë Kuehn: “You’re the one that I want! Public employment and women’s labor market outcome”

The public sector hires dis-proportionally more women than men. We first document the differences in level of employment, transition probabilities, hours, and wages for men and women in the public and private sectors, for the United States, United Kingdom, France, and Spain. We then build a search and matching model to examine how public employment and wage policies affect women in particular, with implications for gender gaps in employment, unemployment, participation, and wages. We calibrate our model separately to the four countries. Running counterfactual experiments, we quantify whether the selection of women into the public sector is driven by: (i) lower gender wage gaps and thus relatively higher wages for women in the public sector, (ii) possibilities of better conciliation of work and family life for public sector workers, (iii) intrinsic preferences for public sector occupations, or (iv) greater job security in the public compared to the private sector. We find that, quantitatively, the higher public-sector wage premium for women explains most of the selection. We calculate the monetary value of public-sector job security and work-life balance premia, for both men and women, and we estimate how higher public sector wages and employment affect male and female unemployment and inactivity rates differently.

Abstracts

Session IV (a): Wages

Michael Knoblach: “Skill-biased technological change, endogenous labor supply and the skill premium”

The development of the U.S. college premium over recent decades has been characterized by a “U-shaped” pattern. The empirical literature attributed this observation mainly to the presence of skill-biased technological change (SBTC). In this paper, we study the dynamics in the composition of labor and the development of the skill premium in a two-sector growth model characterized by technological change (TC) that is favorable towards high-skilled labor and sectoral differences in the substitutability between capital and labor. Within this framework, we derive the conditions necessary to achieve a U-shaped evolution of relative wages and analyze the dynamics of such a case. We show that for various parameter constellations, in the short-run an educational and a relative substitutability effect decrease the skill premium despite a moderate growth in the relative productivity of high-skill labor. In the long run, as the difference in labor productivity increases, the skill premium rises as well. Besides our theoretical results, we conduct a comprehensive simulation study to generate time series of our model.

Abstracts

Session IV (b): Innovation & Employee Representation

Kornelius Kraft, Alexander Lammers: “Employee representation and innovation – disentangling the effect of legal and voluntary representation institutions in Germany”

This paper studies the effect of employee representation bodies provided by management on product and process innovations. In contrast to statutory forms of co-determination such as works councils, participative practices initiated by management are not equipped with any legally granted rights at all. Such alternative forms of employee representation are far less frequently and thoroughly analyzed than works councils. We compare the effects of these co-determination institutions established voluntarily with those initiated on a legal basis on different kinds of innovation measures. We differentiate between process and product (incremental and radical) innovations. To tackle endogeneity, the estimations are based on recursive bivariate and multivariate probit models. Results show that employee representation provided voluntarily by management supports incremental as well as radical product and process innovations. The effect is much more pronounced when endogeneity is taken into account. Works councils, however, only exhibit a positive effect on incremental innovations. Moreover, the results point to a substitutive relationship between both types of employee representation.

Fabio Berton, Stefano Dughera, Andrea Ricci: “Do unions affect innovation in Italy? Evidence from firm-level data”

In this paper we study the unions-innovation correlation both theoretically and empirically. The available evidence has so far proposed mixed results, suggesting that unionisation does not—generally speaking—inhibit innovation in Europe, while the opposite holds true in North America. We rationalize this through a theoretical model in which unionised and non-unionised firms choose the optimal quantity of innovative investments. We find that—once the potentially positive feedback effects of unions on productivity are allowed in the model—the traditional “hold-up” view according to which unions inhibit investments, does not survive, providing a rationale for the observed cross-country heterogeneity. We then study the effect of unionisation on innovation using a large and representative survey of Italian firms and four different measures of innovative activities. Using fixed-effects and IV models, the key findings are that unions inhibit R&D investments but do not significantly affect process innovation and the issuing or acquisition of patents; the effect on product innovation appears instead less robust, as FE suggest a significantly positive effect, which is nonetheless not confirmed under the IV model.

Abstracts

Session IV (b): Innovation & Employee Representation

Clément Brébion: “The ‘strategic discrimination’ of works councilors in Germany: new evidence of the demise of a model?”

This paper estimates the impact of works council membership on wages in Germany between 2001 and 2015. It falls within a stream of research on collective organisations which has moved the focus away from the perspective of covered firms and their average worker to concentrate on the actors leading the negotiations (Breda, 2014). To my knowledge this is the first analysis of non-unionized form of representation taking this orientation. In a generalized context of decentralization of collective bargaining, shop-floor delegates are gaining in power and therefore in strategic importance for both the employers and the employees. Their career evolution therefore has a revealing role of the ‘black box’ of, increasingly, the new core of collective bargaining. The case of Germany is chosen because both national and foreign economic actors have steadily been praising its traditional dual model of industrial relations for the cooperative feature it entails at the shop floor. Yet, as discussed in the paper, it has strongly changed since the German reunification and it is expected that the nature of employer-employee relations also evolved since then.

The main model of identification is an OLS with time and individual fixed effects led on a subsample of the German Socio-Economic Panel. I find that, for individuals switching status, being a works councilor increases the hourly gross wage by about 5% in the manufacturing sector while a penalty of 4% is evidenced in the private service sectors. Causality is ensured by verifying that wage pre-trends do not differ between the treated and the control groups. I finally bring elements suggesting that the (dis-)advantage of works councilors is mostly experienced by politically involved representatives in both sectors. Bringing back the context, I explain why this may evidence a strategic behavior of rational employers.

Abstracts

Session V (a): Job Search & Job Insecurity

Miriam Bömer, Susanne Steffes: “The Importance of Non-monetary Determinants in the Job Search Process: Theory and Empirical Evidence”

In this study, we evaluate the importance of non-monetary match quality in the job-search process. Match quality depends on monetary and non-monetary match quality. The former is defined as job-specific productivity that drives wages. We focus on the latter and approximate this as the perceived relationship with the supervisor. We conduct a factor analysis to collect the influence of firm culture variables in our exhaustive dataset, the linked personnel panel (LPP). With this data, we are able to distinguish four stages of job search: turnover intention, job search, outside offers and leave. We find that a negatively perceived match quality has a negative influence on the intention to search but workers only leave if their match quality is perceived as being in the lowest quintile. Many workers who perceive their match quality as negative stay in the firm.

Anthony Lepinteur: “The asymmetric experience of gains and losses in job security on health”

Is workers' health more sensitive to losses than gains in job security? While loss aversion, whereby losses loom larger than gains, is typically examined in relation to decisions about anticipated outcomes, I first show using a large sample of workers from the European Household Community Panel and value-added models that losses in job security have a larger effect on health than equivalent job security gains. Second, I address endogeneity issues using the 1999 rise in the French Delalande tax as a quasi-natural experiment. It allows evaluating separately the causal impact of exogenous gains and losses in job security on workers' health. Difference-in-differences estimation results confirm that lower job security generates significant and robust losses in self-assessed health. Meanwhile a greater feeling of job security does not translate into a higher level of self-assessed health. These results are in line with the predictions of the model linking job security to health under the hypothesis of loss aversion built in this paper. This article also demonstrates that losses in health induced by lower job security are not transitory.

Abstracts

Session V (b): Discrimination

Daniel Kopp, Michael Siegenthaler, Dominik Hangartner: “Screening recruiters at work: determinants of ethnic discrimination on an online recruitment platform”

We study the extent to which discrimination by employers can explain the fact that ethnic minorities usually have lower chances to find a job. Our results are based on a novel methodology: we track the search behavior of employers navigating through CVs of mainly unemployed job seekers on the online platform of the Swiss Public employment service. The vast and fine-grained data allow us to derive credible and precise estimates of employer discrimination in contact rates even for small subgroups of the population and to provide new insights on patterns and determinants of discrimination. Conditional on all information visible to recruiters, we find pervasive evidence of ethnic discrimination, but large variation across detailed ethnic groups. Employers spend less time on the profiles of certain ethnic groups but the effect is small. We find that skills and labor market tightness matter: discrimination is larger for job seekers with low employability and limited German skills, and if there are more alternative candidates to choose from.

Kelsey O'Connor: “The effect of immigration on natives' well-being in Europe”

Immigration is one of the most debated topics in Europe today, yet little is known about the overall effect of its multiple impacts. The analysis demonstrates that increasing immigrant population shares have no aggregate effect on natives' wellbeing in 24 European countries over the years 1990-2017. However, the results exhibit heterogeneity. The effects are positive but insignificant in older European Union member states. While in the new states, which joined in the 2000s, the aggregate effects are negative but insignificant (2005-2017). In this group, the evidence is consistent with the view that immigrants may substitute for natives in the labor market; however, when accounting for GDP per capita, the noneconomic effects are positive and significant. The analysis uses Eurobarometer survey data. Sources of bias, especially reverse causality, are addressed by evaluating within-country changes over time and using instrumental variable methods.

Abstracts

Keynote Lecture

Patrick Puhani: “Fair but imperfect: functional discrimination in a procedurally fair hiring process”

Criteria used in hiring workers often do not reflect skills required on the job. By comparing trainee performance for newly hired workers conditional on competitive civil service examination scores for hiring French public sector workers, we test whether women and men with the same civil service examination score also exhibit similar performance in the job-related trainee program. Both civil service examinations and trainee scores contain anonymous and non-anonymous components that we observe separately. We find that by the end of the trainee program (first year of employment), women are outperforming men on both anonymous written and non-anonymous oral evaluations, a finding that holds both conditionally and unconditionally on civil service examination results. We also note a minimal correlation between the competitive exam content and trainee performance, which implies that the former give women insufficient opportunity to reveal their job-related skills. This design flaw results in functional discrimination against women, although the hiring process seems procedurally fair in that women’s and men’s non-anonymous oral civil service examination scores hardly differ after controlling for the performance in the anonymous written scores.

Abstracts

Session VI (a): Female Labour Supply

Mathias Huebener, Astrid Pape: “Daycare fees and parental labour supply: evidence from a fee abolition reform”

While for many years maternal labour force participation increased with the availability of affordable daycare, many mothers with small children still work part-time in many countries. This paper provides evidence that even low private contributions to highly subsidized daycare constrain mothers from working longer hours. We study the effects of a daycare fee abolition reform in Germany on parental labour supply. The reform removed the remaining private contributions to highly subsidized daycare in the year before children enter primary school, at different points in time across federal states. We exploit this variation with a difference-in-differences approach within an event study along children’s age. The analysis uses data from the German Micro Census, sampling one percent of all German households each year. Even though the participation in daycare is almost universal already, we provide evidence that the reform increases the use of daycare at the intensive margin, and the share of full-time working mothers by about 10 percent. Single mothers, mothers with no other younger children, mothers in denser local labour markets and highly educated mothers react strongest. We find neither evidence for labour supply responses at the extensive margin, nor can we find any responses in fathers’ labour supply. The effects on mothers’ labour supply fade-away after about four years. This short-term increase in maternal labour supply alone fails to pass cost-benefit considerations.

Vardan Baghdasaryan, Gayane Barseghyan: “Child care policy, maternal labor supply and household welfare: Evidence from a natural experiment”

Our study of gender wage gap in Armenia reveals negative selection of women in the labor market. While this is not an exceptional phenomenon, it indicates higher reservation wages for women staying out of the labor force. In an attempt to investigate whether it is driven due to insufficient demand for labor we utilize a natural experiment. In 2011 an unexpected policy decision eliminated fees for pre-school childcare facilities (kindergartens) in the capital city, while other regions were not affected by this decision. Relying on difference-in-differences methodology and controlling for a number of individual and family level characteristics we find that this policy move had no significant impact female labor supply, while the numbers indicate that kindergarten service utilization has increased over time. Inefficiency of labor supply policies can be an important indicator of persistent problems on the labor demand side and explain the negative selection observed.

Abstracts

Session VI (b): Employment Effects

Agata Maida, Daniela Sonedda: “Getting out of the starting gate on the right foot: employment effects of investment in human capital”

The technological progress and the globalisation process reshape the nature of jobs inducing a substantial drop in the incidence of permanent employment occupations. This paper estimates whether employers could be less reluctant to hire workers on a permanent basis in presence of a human capital investment which they partly finance. We find that the permanent employment rate of cohorts affected by law no. 92/2012 at the age threshold of 30 years increased by about 1% when compared to the permanent employment rate of similar untreated cohorts. This difference in discontinuity impact can be generated by the vocational apprenticeship labour contract only. After 36 months from the baseline, this positive effect persists and increases to about 5%. We interpret our results as evidence that a labour contract that invests in human capital serves as a stepping stone into permanent employment.

Sandra Nevoux, Éric Marcon, Florence Puech: “Local diffusion of short-time work”

This paper aims at assessing the local diffusion of short-time work. We argue that the geographical proximity of establishments having already used short-time work in the past constitutes an information channel regarding this scheme. Relying on distance-based methods, our stylized facts highlight the spatial and dynamic concentration of short-time work use in France between 2002 and 2014. Our econometric analysis reveals that (i) the local information about short-time work constitutes a determinant of its use, (ii) it attenuates rapidly in the first kilometers and (iii) this information is both transmitted within and between sectors. We interpret this significant spatial concentration of short-time use, after controlling for the determinants of short-time work at the establishment level, as an evidence of information spillovers.

Abstracts

Session VII (a): Education and Human Capital

Liyousew Borga, Myroslav Pidkuyko: “Whoever has will be given more: child endowment and human capital investment”

Using a unique longitudinal survey from Ethiopia, we investigate whether resource constrained parents reinforce or attenuate differences in early abilities between their children. We propose a simple model that allows for sibling interactions. To overcome the endogeneity associated with measures of endowment, we construct a measure of human capital at birth that is plausibly net of prenatal investment. We estimate a sibling fixed-effect model to account for bias due to unobserved family-specific heterogeneity. We find that parents reinforce educational inequality: inherently healthy children are more likely to attend preschool, be enrolled in elementary school, and have more expenses incurred towards their education. Health inputs are allocated in a compensatory manner.

Gyozo Gyöngyösiy: “Financial distress and student performance”

This paper studies how households’ financial distress affected the student development. I focus on the 2008 financial crisis, I use household foreign currency credit expansion as a natural experiment in Hungary. During the crisis the exchange rate shock increased the debt burden of households borrowing in foreign currencies but not of households borrowing in the local currency. I measure exposure to the depreciation at the zip code level by using credit registry data. I use administrative student level standardized test scores at the zip code level. My identification strategy compares the development of students attending the same class but living in different zip codes. I find that a 10 percent unexpected debt shock decreases the math and reading skills by .045 standard deviation. Increased unemployment in more exposed zip codes does not explain the worse results of students.

Abstracts

Session VII (a): Education and Human Capital

Iryna Kyzyma, Maria Noel Pi Alperin: “Education-health relationship: New evidence from a distributional perspective”

Using data from the Survey of health, ageing and retirement in Europe (SHARE), this paper identifies the educational gradient in health and explores its underlying factors using a distributional approach. We start by constructing a separate health distribution for two educational sub-groups – the lower and higher educated – and compare the difference in the level of health status between them at each point of the distribution. As a next step, we perform a decomposition exercise to explore the factors lying behind the observed health differential. In line with the previous literature, we find that, on average, higher educated people enjoy better health than those who are lower educated. We show, however, that the difference in the levels of health between the higher and the lower educated is not constant along the health distribution: it is relatively small if we compare the healthiest 10 percent of the lower and higher educated but multiplies in size for the sickest 10 percent.

Abstracts

Session VII (b): Labor Market Theory

Hendrik Vetter: “Wage contracts as a collusive practice”

In this paper we discuss how wage contracts between a union and firms affect market conduct. We show that an industry-wide agreement on pay conditions reduces competition between price-setting firms. As a result, firms with access to a competitive labor market prefer a contract setting a higher wage than the competitive wage. This result modifies the conventional view that the trade union and the firms have opposite interests. For certain parameter configurations, a merger between firms does less harm to consumers in comparison to a wage contract. When industry-specific skills matter, wage contracts are more harmful than mergers for a wide set of parameters.

Herbert Dawid, Mariya Mitkova, Anna Zaharieva: “Optimal promotions of competing firms in a frictional labour market with organizational hierarchies”

We study optimal promotion decisions of hierarchical firms, with one junior and one senior managerial position, which interact in a search and matching labour market. Workers acquire experience over time while being employed in a junior position and the firm has to determine the experience level at which the worker receives a promotion which allows her to fill a senior position. Promoted workers move to the senior position in their current firm, if it is vacant, otherwise they search for senior positions on the market. The promotion cut-offs of the competing firms exhibit strategic complementarity, but we show that generically a unique stable symmetric general equilibrium exists. If workers have homogeneous skills, then an increase in the skill level induces faster promotion. In the presence of two skill levels in the work force an increase of the fraction of high skilled leads to slower promotion of both types of workers, where the promotion threshold for high skilled workers is substantially below that for low skilled workers. This implies earlier promotions of high skill workers compared to the low skilled consistent with available empirical evidence. Finally, we show that inserting pyramidal firms, which have twice as many junior than senior positions, into the market induces all firms to promote later. Pyramidal firms in equilibrium promote substantially later than vertical firms with the same number of junior and senior positions. The paper also makes a methodological contribution by combining search and matching theory with agent-based simulations in order to characterize the general equilibrium promotion cut-offs in a market setting with heterogeneous hierarchical firms.

Abstracts

Session VII (b): Labor Market Theory

Alessa Schottke, Christian Siemerling: “The effects of status concerns on labor markets”

Based on people's ambition to be viewed as intelligent and the findings on social status and social identity we propose a model in which higher education is associated with high social esteem. We investigate an educational decision and aim to explore the effects of status concerns on labor supply, wages and production. We discover that social status associated with higher education induces more workers to attend the higher educational path. In turn, labor supply of highly educated workers increases, which decreases the respective wage in equilibrium. Moreover, the wage for less educated workers increases in status concerns. There is a unique level of status concerns maximizing the product market's output. Whether production increases or decreases in status concerns depends on whether this level is exceeded or not.

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