



Programme



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

Workshop on Labour Economics 2021
Institute for Labour Law and Industrial Relations in the European Union | Trier University

Workshop on Labour Economics 2021

25th – 26th March 2021

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 2021

Thursday, March 25th 2021

08:30 – 08:45 **Welcome and Opening**

08:45 – 10:45 Parallel Session I

11:00 – 12:20 Parallel Session II

Lunch Break

13:15 – 14:00 Elevator Pitch 1

14:15 – 16:15 Parallel Session III

16:30 **Keynote Lecture**

Schedule – Workshop on Labour Economics 2021

Friday, March 26th 2021

08:45 – 10:45 Parallel Session IV

11:00 – 12:20 Parallel Session V

Lunch Break

13:15 – 14:00 Elevator Pitch 2

14:20 – 15:40 Parallel Session VI

16:00 – 17:20 Parallel Session VII

17:20 – 17:30 **Farewell**

Programme – Thursday, March 25th

08:30 – 08:45

Welcome and Opening

08:45 – 10:45

PARALLEL SESSION I

Session I (a): Unions I

Cyprien Batut: “Which side are you on? A historical perspective on union membership composition in four European countries”

Yue Huang: “Job satisfaction and trade union membership in Germany”

Arnd Kölling: “Shortage of skilled labor, unions and the wage premium: A regression analysis with establishment panel data for Germany”

Session I (b): Temporary Employment

Michael Chletsos: “Temporary work and employment stability: Evidence from the Dutch labour market”

Louis-Daniel Pape: “Platform mergers and workers. Evidence from the temporary employment industry”
(Discussant: Michael Chletsos)

Alessandro Ruggierei: “The Scarring Effect of Job Instability”

Session I (c): Migration and Labour Market Outcomes I

Cevat Giray Aksoy: “Local Conditions and Multi-dimensional Integration of Refugees”

Anna Gasten: “Are FDI restrictions inducing international migration? Evidence from Indonesia”
(Discussant: Ignat Stepanok)

Yajna Govind: “Is naturalization a passport for better labor market integration? Evidence from a quasi-experimental setting”
(Discussant: Laszlo Goerke)

Programme – Thursday, March 25th

11:00 – 12:20

PARALLEL SESSION II

Session II (a): German Labour Market I

Ana Sofia Pessoa: “Earnings dynamics in Germany”
(Discussant: Arnd Kölling)

Stephanie Prümer: “Does it pay to go public? Understanding the public-private sector wage gap in Germany”
(Discussant: Christine Dauth)

Session II (b): Digitalization and Demand for Skills

Sotiris Blanas: “The distinct effects of information technologies and communication technologies on skill demand”

Vahagn Jerbashian: “Trade in information technologies and changes in the demand for occupations”

Session II (c): Generations, Children and Education

Andreas Backhaus: “The effect of grandchildren on grandparental labor supply: Evidence from Europe”

Britta Rude: “Can we grow with our children? The effects of an integrated early childhood development program”
(Discussant: Andreas Backhaus)

Programme – Thursday, March 25th

12:20 – 13:15 **Lunch Break**

13:15 – 14:00 **ELEVATOR PITCH 1**

Nikita Sharma: “Does quality matter? Immigrants and job satisfaction in Australia”

Christina-Valentina Heghes: “Birth order, academic attainment and life aspirations”

Sumit Deole: “Immigrant-native gap in risk and time preferences in Germany: Levels, socio-economic determinants, and recent changes”

Programme – Thursday, March 25th

14:15 – 16:15

PARALLEL SESSION III

Session III (a): Education and Training

Maria Esther Oswald-Egg: “New information, new interests? The effect of an occupation finder for dual vocational education and training on students’ occupational choice”

(Discussant: Arjan Non)

Cosima Obst: “Job satisfaction and training investments”

(Discussant: Daniela Sonedda)

Daniela Sonedda: “Born in the right place at the right time: What drives training contracts as a long-lasting employment device?”

Session III (b): Gender Wage Gap

Philipp Lentge: “Non-Base Compensation and the gender pay gap”

(Discussant: Maria Koumenta)

Maria Koumenta: “Occupational licensing and the gender wage gap” ~~(cancelled)~~

Ipek Yükselen: “The early career gender wage gap for university graduates”

(Discussant: Cyprien Batut)

Programme – Thursday, March 25th

14:15 – 16:15

PARALLEL SESSION III (CONT.)

Session III (c): Migration and Labour Market Outcomes II

Melissa Tornari: “Job polarising immigration? Evidence from the UK”

Fabio Berton: “Strangers in the night. Should we really be scared by migrant workers?”

Lara Bohnet: “Cousins from overseas: The labour market impact of half a million Portuguese repatriates”

(Discussant: Larissa Da Silva Marioni)

16:30

KEYNOTE LECTURE

Guido Friebel: “Firms as Labs: What RCTs can tell us about Human Resource Policies”

Programme – Friday, March 26th

08:45 – 10:45

PARALLEL SESSION IV

Session IV (a): Unions II

Juraj Briskar: “Can industry-wide wage bargaining improve output, employment and inequality?”
(Discussant: *Alessandro Ruggieri*)

Paolo Santini: “Do unions have egalitarian wage policies for their own employees? Evidence from exhaustive earnings data in the US”
(Discussant: *Fabio Berton*)

Maxime Pettinger: “Polarization of the wage structure and the role of institutions: a cross-country comparison”
(Discussant: *Sotiris Blanas*)

Session IV (b): Working from Home & Covid-19

Montserrat Vilalta-Bufi: “The impact of ICT on working from home: Evidence from EU countries”

Ludvine Martin: “How digital tools use profiles of teleworkers influence their digital up-skilling during the spring 2020 lockdown?”

Session IV (c): Job Loss and Involuntary Part-Time Employment

Ignat Stepanok: “FDI and unemployment, a growth perspective”

Rebekka Rehm: “Macroeconomic determinants of involuntary part-time employment in Germany”
(Discussant: *Antoine Bertheau*)

Antoine Bertheau: “The costs of job loss across Countries: Evidence and explanations”

Programme – Friday, March 26th

11:00 – 12:20

PARALLEL SESSION V

Session V (a): Migration and the German Labour Market

Luisa Hammer: “EU enlargement and (temporary) migration: Effects on labour market outcomes in Germany”

(Discussant: Sumit Deole)

Teresa Freitas Monteiro: “Migration motivation and ethnic identity of migrant couples in Germany: Tied versus lead movers”

(Discussant: Melissa Tornari)

Session V (b): Experiments

Gergely Horvath: “Alleviating behavioral biases at job search: Do nudges work?”

Arjan Non: “Risk and incentives: Agents’ contract choice in risky environments”

Session V (c): Labour Market and Gender Inequality

Caroline Coly: “It’s a man’s world: culture of abuse, #MeToo and worker flows”

(Discussant: Tanja Fendel)

Tanja Fendel: “What is going on when migrant women integrate into the labor market? Autonomy, dependency or gender and the couples’ division of housework”

Programme – Friday, March 26th

12:20 – 13:15 Lunch Break

13:15 – 14:00 **ELEVATOR PITCH 2**

Enja Marie Herdejürgen: “Workspace satisfaction and employee referrals: A new framework based on data from the employer review website kununu”

Irene Simonetti: “Severe health shocks and access to public transfer programs: Evidence from Italian administrative records”

Gyozo Gyongyosi: “Vacant positions and firm performance”

Programme – Friday, March 26th

14:20 – 15:40

PARALLEL SESSION VI

Session VI (a): German Labour Market II

Alexander Lammers: “Bargaining power and the labor share – a structural break approach”
(Discussant: *Marta Martínez Matute*)

Christine Dauth: “The effects of private versus public health insurance on health on labor market outcomes”

Session VI (b): Welfare-to-work Transition

Mareen Bastiaans: “Labor market and health effects of an activation program for the long-term inactive”
(Discussant: *Vincent Dautel*)

Vincent Dautel: “Investigating neighbourhood effects in welfare-to-work transitions”

Session VI (c): Minimum Wages

Jorge Eduardo Perez-Perez: “City minimum wages and spatial equilibrium effects”

Larissa Da Silva Marioni: “The effects of minimum wage on education acquisition in Brazil”

Programme – Friday, March 26th

16:00 – 17:20

PARALLEL SESSION VII

Session VII (a): Collective Bargaining

Yann Thommen: “Reforms of collective bargaining institutions in European Union countries: Bad timing, bad outcomes?”

Marta Martinez Matute: “How representative are social partners in Europe? The role of dissimilarity“

Session VII (b): Wage Inequality

Anil Duman: “The more the gloomier: development of informal employment and its effect on wages in Turkey”

Franziska Brall & Ramona Schmid: “Automation, robots and wage inequality in Germany: A decomposition analysis”
(Discussant: Anil Duman)

Session VII (c): Hartz Reforms

Timo Sauerbier: “Hartz III, matching efficiency, and German unemployment”
(Discussant: Vahagn Jerbashian)

Lukas Hörnig: “Regional analysis of the Hartz reforms”
(Discussant: Jorge Eduardo Pérez Pérez)

17:20 – 17:30

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

Elevator Pitch

Elevator pitches are short presentations that only highlight the researcher's main results. The audience can only ask questions after the presentation. All elevator pitch sessions will be chaired by IAAEU staff. We scheduled 15 minutes per paper:

- All elevator pitches: 10 minutes for presentation (10 slides maximum), 5 minutes for questions

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

Attending the Meeting

WLE 2021 takes place as a virtual meeting:

All sessions will be hosted via Zoom software. 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 on the website:

www.iaaeu.de/wle2021

[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)

<https://bit.ly/3b9Wejm>

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

Abstracts

Session I (a): Unions I

Cyprien Batut, Ulysse Lojkine, Paolo Santini: “Which side are you on? A historical perspective on union membership composition in four European countries”

In most developed countries, union density follows an inverted U-shaped curve over the 20th century, with the peaks reached between 1960 and 1990 depending on the country. Despite this common fate, trade unionism is not a uniform phenomenon. In this paper, we look at the long term evolution of the selection into union membership in the four largest European countries: France, West Germany, Italy, and the United Kingdom. Using unexploited micro data coming from post electoral, labor, and household surveys, we first revisit commonly accepted unionization levels from the past 60 years. We find that, for France and Italy, union density was at time under- and over- estimated respectively. Second, we present long run evidence on the evolution of the composition of unions in terms of different characteristics (occupation, length of education, public or private sector, gender) of their members. Two types of unionisation emerge from this analysis: one in which the composition of unions has been primarily determined by structural changes in the composition of the workforce (France and Italy), with no notable changes of the selection of the different groups into unions when aggregate density varied; the other group (the UK and West Germany), were selection changed dramatically, with a strong over-representation of blue collars and less educated workers which declined over time. We argue that these two trends are related to the institutional characteristics of each country and show that the evolution of selection into union is linked to the public-sectorization of unions: as union density fall, the share of public workers in unions increases.

Yue Huang, Laszlo Goerke: “Job satisfaction and trade union membership in Germany”

Using panel data for 1985 to 2018, we investigate the relationship between trade union membership and job satisfaction in Germany. Cross-sectional analyses indicate a negative correlation. In fixed effects estimations, there is no relationship discernible for the whole sample. Our findings suggest that the negative correlation between union membership and job satisfaction results from time-invariant personal characteristics or selection effects. Female, older and part-time employees who are union members exhibit lower levels of job satisfaction than non-members. Accounting for co-determination at the workplace does not qualitatively alter results. Specifications with time-invariant and time-variant instruments confirm this interpretation.

Abstracts

Session I (a): Unions I (cont.)

Arnd Kölling: “Shortage of skilled labor, unions and the wage premium. A regression analysis with establishment panel data for Germany”

Firms have several ways to fill vacancies. Besides training activities, technological solutions and organizational flexibility, employer search models suggest that firms also compete with each other on wages. According to theoretical models, profit-maximizing firms try to exploit the difference between the individual reservation wage and the marginal productivity of an applicant to increase their revenues. In firms with collective bargaining agreements, however, the solution should be to pay wages according to marginal productivity (right-to-manage) or, in the case of rent sharing, even above it (efficient bargaining), so that the wage premium should not be adjusted even in the case of existing skill shortages. Using wage estimates with panel data for German companies, this paper shows that both collective bargaining and a lack of skilled workers can lead to higher wages. However, the latter only applies to firms that are not bound by collective agreements. If a collective agreement exists, the wage rate does not increase when a shortage of skilled workers occurs. Then, wage differentials between firms that are bound by collective agreements decrease. Due to nominal wage rigidities, this effect is particularly evident when a shortage of skilled workers occurs for the first time.

Abstracts

Session I (b): Temporary Employment

Michael Chletsos, Andreas Sintos: “Temporary work and employment stability: Evidence from the Dutch labour market”

Temporary work is a significant and growing component of total employment in the Netherlands. Our paper investigates whether this type of employment (temporary work) preserve jobs and keep workers employed in a period of economic crisis. Using longitudinal survey data for the period of 2008 to 2018, we show that temporary contracts are negatively associated with employment stability. However, this negative effect can be mitigated for temporary employees that attend at a series of training programs. The impact of temporary work is stronger for unmarried and foreign employees. Our initial results are robust to the implementation of an instrumental variable (IV) model, where we include the number of years an individual remains unemployed as instrument.

Ioana Marinescu, Louis-Daniel Pape: “Platform mergers and workers: Evidence from the temporary employment industry”

Mergers amongst platforms is at the forefront of both labor and antitrust policy. We study the 1997 merger between two such platforms: Adia and Ecco, operating in the French Temporary Employment Industry. Using linked employer-employee administrative data and exploiting variation across local labor markets, we find the merger to have reduced employment in the Temp. Industry within the most concentrated markets by 20%.

Jose Garcia-Louzao, Laura Hospido, Alessandro Ruggieri: “The Scarring Effect of Job Instability”

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Abstracts

Session I (c): Migration and Labour Market Outcomes I

Cevat Giray Aksoy, Panu Poutvaara, Felicitas Schikora: “Local Conditions and Multi-dimensional Integration of Refugees”

We study the causal effect of local labor market conditions and attitudes towards immigrants at the time of arrival on refugees’ multi-dimensional integration outcomes (economic, linguistic, navigational, political, psychological, and social). Using a unique dataset on refugees, we leverage a centralized allocation policy in Germany where refugees were exogenously assigned to live in specific counties. We find that high initial local unemployment negatively affects refugees’ economic and social integration: they are less likely to be in education or employment and they earn less. We also show that favorable attitudes towards immigrants promote refugees’ economic and social integration. The results suggest that attitudes toward immigrants are as important as local unemployment rates in shaping refugees’ integration outcomes. Using a machine learning classifier algorithm, we find that our results are driven by older people and those with secondary or tertiary education. Our findings highlight the importance of both initial economic and social conditions for facilitating refugee integration, and have implications for the design of centralized allocation policies.

Andrea Cinque, Anna Gasten, Krisztina Kis-Katos: “Are FDI restrictions inducing international migration? Evidence from Indonesia”

Using disaggregated dyadic panel data on international migration flows from Indonesian districts, this paper provides causal evidence for Foreign Direct Investment (FDI) and international migration being substitutes. Our empirical analysis exploits regulatory changes in the Negative Investment List, a product-specific FDI policy, that have been implemented by the Indonesian government from 2007 to 2014. Using a shift-share approach to measure the district-country-pair-level exposure to the sector-specific tightening of FDI regulation, we analyze the impact of changes in bilateral FDI inflows on international migratory movements of the population living in FDI receiving areas. We document that relative reductions in dyadic FDI inflows in the aftermath of the reform triggered an increase in emigration to the investor countries, especially among those with tertiary education.

Abstracts

Session I (c): Migration and Labour Market Outcomes I (cont.)

Yajna Govind: “Is naturalization a passport for better labor market integration? Evidence from a quasi-experimental setting”

Better integration is beneficial for both migrants and the host country. In this respect, granting citizenship could be an important policy to boost migrants' integration. In this paper, I estimate the causal impact of obtaining citizenship on migrants' labor market integration. I exploit a change in the law of naturalization through marriage in France in 2006. This reform amended the eligibility criteria for applicants by increasing the required number of years of marital life from 2 to 4, generating an exogenous shock and thus a quasi-experimental setting. Using administrative panel data, I first show evidence of the impact of the reform on naturalization rates. I then use a difference-in-difference model to estimate the labor market returns to naturalization. I find that, among those working, citizenship leads to an increase in annual earnings by 29%. This effect is driven by a significant increase in the number of hours worked, as well as a positive effect on hourly wages. While the gain in earnings is similar for both men and women, the effect for men is mostly driven by an increase in hours worked compared to an increase in hourly wages for women. I provide suggestive evidence that naturalization helps reduce informality, and discrimination. This paper thus provides strong evidence that naturalization acts as a catalyst for labor market integration.

Abstracts

Session II (a): German Labour Market I

Ana Sofia Pessoa: “Earnings dynamics in Germany”

Using tax data and non-parametric methods, this paper documents earnings dynamics over the life-cycle and income level using taxpayer data for Germany. I find that labor earnings display important deviations from the typical assumptions of linearity and normality. For the bottom earners, large income changes are driven equally by hours and wages which is consistent with transitions between labor status or jobs, whereas for those at the top, earnings changes are mainly induced by wage rate growth. There are also asymmetries in mean reversion of earnings growth mainly driven by the asymmetric hours dynamics. Finally, there is no evidence of an added-worker effect but government insurance and income pooling can mitigate the pass-through of individual earnings changes to the household level and attenuate the deviations from normality of the male earnings growth distribution.

Marina Bonaccolto-Töpfer, Carolina Castagnetti, Stephanie Prümer: “Does it pay to go public? Understanding the public-private sector wage gap in Germany”

Using data from the German Socio-Economic Panel (SOEP) 1984-2017, this paper provides first evidence on the public-private sector wage gap in Germany based on a fixed effect quantile approach. The results reveal substantial differences in the decomposition of the gap compared to the standard cross-sectional approach in the literature. We find that women earn more in the public sector, while men are penalized. Our analysis suggests that this penalization is not related to compensating wage differentials. Against the background of demographic change, the public sector may face difficulties to recruit (skilled) men and may need to adjust its pay schemes to fair and merit-based ones.

Abstracts

Session II (b): Digitalization and Demand for Skills

Sotiris Blanas: “The distinct effects of information technologies and communication technologies on skill demand”

This paper is the first to study the distinct effects of Information Technologies (IT) and Communication Technologies (CT) on labour and in particular, on the relative demand for skill. The analysis is conducted on a sample covering the bulk of economic activity in 10 developed countries during 1982–2005. I find that IT capital intensity increases the demand for the high-skilled and low-skilled relative to the medium-skilled. CT capital intensity exerts mostly opposite effects: it increases the relative demand for the medium-skilled and decreases the relative demand for the low-skilled. Interestingly, the identified effects operate mostly as of 1990, when the adoption rates of IT and CT were even higher than in the 1980s, and in high-tech manufacturing and knowledge-intensive service industries. Also, the inequalities generated by the two types of technologies are smaller in countries with higher union density. For the rationalisation of the findings, I build upon the knowledge-based hierarchy framework of Bloom et al. (2014) highlighting the empowerment of agents at lower and higher hierarchical layers induced by IT and CT, respectively.

Vahagn Jerbashian: “Trade in information technologies and changes in the demand for occupations”

I use data from the World Input-Output Database and show that trade in information technologies (IT) has a significant contribution to the growth in foreign intermediate goods in the 2001-2014 period. China has strongly contributed to the rise in trade in IT and has become one of the major foreign suppliers of IT. I merge these data with the EU KLEMS database and EU Labour Force Survey and obtain a dataset of 12 European countries and 2001-2007 period. I show that IT imports from China are associated with lower IT prices in European countries. The fall in IT prices has increased the demand for high wage occupations and reduced the demand for medium wage occupations. Nearly 25 percent of the variation in the demand for occupations can be attributed to the trade with China.

Abstracts

Session II (c): Generations, Children and Education

Andreas Backhaus, Mikkel Barslund: “The effect of grandchildren on grandparental labor supply: Evidence from Europe”

Grandparents at working age frequently take care of their grandchildren. These time transfers may constrain the participation of grandparents in the labor market. Using an instrumental variable strategy and multiple waves of the Survey of Health, Ageing and Retirement in Europe (SHARE), we estimate the causal effect of grandparenthood on the labor supply of working-age grandparents in ten European countries. We find a large negative impact of grandparenthood on the labor supply of women aged 55 to 64. The effect operates at the extensive margin of labor supply, resulting in grandmothers leaving the labor market entirely. Furthermore, the effect is particularly pronounced in countries where the availability of child care outside the family is low. A complier characterization reveals that the large LATE applies to a small but not selected group of grandmothers. By contrast, male labor supply does not significantly adjust in response to grandparenthood. Our results imply a relevant trade-off between labor supply and grandchild care for European women.

Britta Rude: “Can we grow with our children? The effects of an integrated early childhood development program”

I exploit the staggered rollout of an Early Childhood Development Program in Chile to study the effects of an integrated approach towards Early Childhood Development, including health, educational and parenting components. Using variation across time and municipalities, I study outcomes as school performance, cognitive development, parental stress, intra-household relations, and health. I find positive and significant effects on school performance, as well as cognitive development. The effect is more marked for boys, and for the most vulnerable population.

Abstracts

Elevator Pitch 1

Nikita Sharma: “Does quality matter? Immigrants and Job Satisfaction in Australia”

How well immigrants do in Australia is not just dictated by their success in finding employment and their earnings but also by the type of job they find and whether they are happy with their work lives. These measures are not only important for migrant worker wellbeing but are also crucial aspects of non-monetary returns to work. This paper uses panel data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey (2001-2016) to document the native-immigrant differential in worker wellbeing and to evaluate the proposition that those in “good” jobs should be satisfied with different aspects of their jobs. Latent variable models are used to analyse four dimensions of job quality for immigrants in Australia. Next, multivariate longitudinal models reveal that the job quality dimensions vary by immigrant country of origin. In the final step, mediation analyses test the nature of the relationship between job quality and job satisfaction for immigrants. In this study of job quality and satisfaction of immigrants, intersectionality matters – gender differences in job quality arises because of differences in self-assessment based on personal circumstances and valuations. Any successful policy to improve the job quality of immigrants or raise their wellbeing should consider what aspect of jobs matters the most to different immigrant groups.

Luis Diaz Serrano, Cristina Valentina Heghes: “Birth order, academic attainment and life aspirations”

Earlier children have a propensity to outperform last-born on human capital and labour market outcomes. In this paper, we empirically analyse the birth order effect across an extensive range of cognitive and non-cognitive outcomes of children in Spain, exposing heterogeneous effects across gender and the number of siblings. Our school fixed effects show robust evidence of a persistent negative birth order effect, particularly among girls, even after controlling by a substantial number of family characteristics. When turning to the potential sources, we unearth that the negative effects of birth order can be driven by educational expectations (aspirations), salary expectations, personality traits, truancy, a set of skills as well as parental involvement and parental influence. We also find evidence that the belief of a successful life plays an essential role in explaining the birth order patterns; we notice that first-born girls (but not boys) tend toward a professional career rather than building a family. First-born girls (boys) are more likely to aspire to high-skill occupations while last-born boys (but not girls) are more probable to aspire to lower-skill occupations. The extensive set of adolescents’ aspirations (expectations) match perfectly with the educational and labour market outcomes in adulthood.

Abstracts

Elevator Pitch 1 (cont.)

Sumit S. Deole, Marc Oliver Rieger: “Immigrant-native gap in risk and time preferences in Germany: Levels, socio-economic determinants, and recent changes”

We study migrants' risk and time preferences using the recent waves of the German Socio-Economic Panel (SOEP) dataset with information on more than 200,000 individual-year observations. We find that the immigrant-native gap in risk preferences has widened for recent immigration cohorts, especially around the 2015 European refugee crisis. This widening of the gap seems to be associated with recent decreases in the assimilation of migrants. We also find the immigrant-native gap varies across different migrant groups: while the "opportunity seekers", economic immigrants who intend to stay in Germany only temporarily, are very similar in their risk preferences to native Germans, other immigrants are substantially more risk-averse than natives. A smaller gap in risk preferences is also found among women and migrants who have higher education, are employed, and are working in high skilled jobs. Concerning time preferences, although we find evidence of a noticeable immigrant-native gap, our findings do not suggest any individual-level characteristics that help understand this gap.

Abstracts

Session III (a): Education and Training

Maria Esther Oswald-Egg: “New information, new interests? The effect of an occupation finder for dual vocational education and training on students’ occupational choice”

When making career-defining decisions such as choosing an occupation, individuals should be well-informed. This study analyses the effect of a low-cost, personalised online information intervention on the number of occupations in which students considering dual vocational education and training (VET) apply for work shadowing. Using data from Yousty AG, one of the largest online platforms in Switzerland for dual VET positions, I exploit their introduction of an occupation finder – a tool for suggesting occupations matching student’s stated preferences – with a regression discontinuity design. My findings show that the introduction of the occupation finder broadens the set of occupations for which students apply by roughly 0.3, and using the occupation finder results in students applying to six additional occupations. Subgroup analysis shows that the introduction of the occupation finder especially affects students living in urban areas. Thus, it is possible to provide low-cost tailored information to students to broaden their occupational interests in a VET system where dual VET positions are allocated via an apprenticeship market.

Cosima Obst: “Job satisfaction and training investments”

A worker’s investment into training fosters the intellectual capital and, thus, sustained competitiveness of her firm. I analyze the impact of job satisfaction on the decision to invest into on-the-job training. My theoretical model predicts a positive relationship for satisfied workers. Dissatisfied workers may choose to leave their job (exit) or change the dissatisfactory situation (voice) which translate to an increased likelihood of training participation. Inversely, dissatisfaction may result in neglect of the duties (neglect), reducing the training probability. In case the exit and voice channel dominate, a U-shaped relationship between job satisfaction and training investment is expected. I expect an overall positive relationship in case neglect drives the decision. With the Household, Income and Labour Dynamics in Australia (HILDA) survey I find tentative evidence that the neglect channel dominates resulting in an overall positive relationship. These results must be met with great caution as only a limited number of individuals report dissatisfaction with their job. Examining the reasons for training suggests that the voice channel is dominated by neglect more strongly than the exit channel is. Finally, my results highlight the importance of considering the source of dissatisfaction as there are heterogenous effects along different job satisfaction facets. Firms are advised to encourage their workers to voice the sources of dissatisfaction to resolve the issues - potentially with training.

Abstracts

Session III (a): Education and Training (cont.)

Daniela Sonedda: “Born in the right place at the right time: what drives training contracts as a long-lasting employment device?”

We seek to unpack geographic variations in the quality of education and thickness of the labour market to explain under which circumstances a training contract acts as a long-lasting employment device. We exploit a unique setting in Italy to set a differences-in-difference-in-discontinuity design. We estimate if, across quartiles of measures of these factors, there are differences in the comparison of the probability of having a long-lasting employment relationship of treated and similar untreated individuals. The thickness of the labour market increases the probability of entering an open-ended contract through training contracts by reducing the costs of transferring employees from unsuccessful to successful firms. However, it is the combination of high-quality education in a thick labour market that plays a relevant role in creating a long-lasting employment relationship through a better employee-employer match. Hence, these two factors are the driving forces that explain the observed regional variations of training contracts as a device to create long-lasting employment relationship.

Abstracts

Session III (b): Gender Wage Gap

Boris Hirsch, Philipp Lentge: “Non-Base Compensation and the gender pay gap”

This paper investigates whether non-base compensation contributes to the gender pay gap. In wage decompositions, we find that lower bonus payments to women explain about 10% of the gap at the mean and at different quantiles of the unconditional wage distribution whereas the lower prevalence of shift premia and overtime pay among women is unimportant. Among managers, the contribution of bonuses to the mean gap more than doubles and is steadily rising as one moves up the wage distribution. Our findings suggest that gender differences in bonuses are an important contributor to the gender pay gap, particularly in top jobs.

Maria Koumenta, Mario Pagliero, Davud Rostam-Afschar: “Occupational regulation and the migrant wage gap”

We investigate the relationship between occupational licensing and the migrant wage gap using a survey of the EU labor force specifically designed to capture occupational regulation. We document that, 1) although there is a substantial migrant wage gap, there is no significant migrant wage gap for licensed workers; 2) There is a significant gap in the representation of migrants among licensed workers; 3) The closing of the migrant wage gap observed for the average licensed worker hides large differences between migrants by type of employment, gender, and country of origin; 4) There is some slow convergence between migrants and natives in wages and representation in licensed professions.

Abstracts

Session III (b): Gender Wage Gap

Malte Sandner, Ipek Yükselen: “The early career gender wage gap for university graduates”

This paper analyzes the sources of the gender wage gap among university graduates at labor market entry using data of graduates from a German University linked with administrative employment records. The linked dataset includes detailed pre- and postgraduation information, such as grades, field of study, job and firm characteristics. This information gives us the possibility to account for many characteristics that prior studies miss, such as type of first job, time between graduation and the first job, working experience before graduation, as well as any job change. We find a significant gender wage gap at the first job after graduation. Surprisingly, after one year this gap decreases. Only thereafter the gap slowly increases. As an explanation for the findings, men may perform better in first salary negotiation or job interviews than women but employers learn about employees productivity over time which decreases the gap. Additionally, estimations within different graduation cohort groups reveal that the first job gender wage gap is constant over cohorts.

Abstracts

Session III (c): Migration and Labour Market Outcomes II

Melissa E. Tornari: “Job polarising immigration? Evidence from the UK”

The economic literature on the impact of immigrant workers on labour market outcomes, including wages and productivity, brings mixed and often inconclusive results (Borjas, 2014; Ottaviano & Peri, 2012; Dustmann et al., 2016). At the same time, several studies have documented the striking regularity of a polarising pattern in the employment structure of Western economies, the so-called “job polarisation” hypothesis (e.g. Acemoglu & Autor, 2010; Goos & Manning, 2007; Goos et al., 2009). So far mainly demand-side mechanisms have been explored in relation to this phenomenon. As of yet, little is known about the interplay of supply factors and job polarisation. Against this background, this working paper investigates the impact of immigration on wage and occupational growth in the UK between 1991 and 2018 in relation to alternative measures of technological change and the changing task content of jobs. The joint effects of technology and immigration on wages and occupational outcomes are investigated through a micro-panel study and a macro-structural approach. Information on aggregated wages and employment figures per occupational category are retrieved from the Labour Force Survey. Individual-level data on wages and demographic characteristics are obtained from the British Household Panel Survey and the UK Household Longitudinal Study. Addressing missing European level information, a task-to-job mapping at the cross-industrial and cross-occupational levels has been obtained. As individuals might sort themselves both into the migration process and among occupations based on ability and national background, a suited instrumental variable approach is designed. Tentative results emerge, showing that immigrants have a negative effect on wage growth in labour market segments where technology is more likely to substitute human resources. The nature of the tasks performed seems to play a major role, supporting the Task Biased Technical Change hypothesis.

Abstracts

Session III (c): Migration and Labour Market Outcomes II (cont.)

Chiara Ardito, Fabio Berton, Sara Origlia, Lia Pacelli: “Strangers in the night. Should we really be scared by migrant workers?”

The aim of this paper is to assess the causal impact of foreign labor supply shocks to net and gross employment changes and on workforce composition. To do so, we take advantage of the rules governing legal workers’ flows in Italy, where each year the Ministry of Domestic Affairs sets an overall quota of migrants awarded to applicant employers based on a first-come, first-served rule. By propensity-score-matching observed successful applicants to the other potential employers and using an unmatched combination of different administrative data sources, we find that the arrival of migrants, if any, enhances net employment flows by one low-educated, old-aged domestic worker every six firms. Moreover, we find that the null net effects observed on the other workers’ breakdowns follow from significant effects on gross in- and outflows that cancel out each other, thus highlighting a fundamental role of migrant workers’ supply shocks on workers’ turnover.

Lara Bohnet, Susana Peralta, João Pereira dos Santos: “Cousins from overseas: The labour market impact of half a million Portuguese repatriates”

This paper investigates the labour market consequences of an exogenous increase in the labour supply, exploiting the large and unexpected inflow of repatriates to Portugal following the end of the Portuguese Colonial War. We explore the impact on labour force participation, unemployment and different types of employment of both male and female natives. Using a novel instrumental variable approach which exploits information on the places of births of the repatriates, we find no increase in unemployment but some displacement effects, with a stronger adverse effect on females. Female and male native workers are found to be driven out of employment as employees. Men compensate for this loss by moving to self-employment, while women move to inactivity.

Abstracts

Session IV (a): Unions II

Juraj Briskar: “Can industry-wide wage bargaining improve output, employment and inequality?”

Does it matter whether wage bargaining takes place at the industry or firm level? I study output, employment and inequality in a labour search model with collective bargaining. I find that firm-level bargaining – whether individual or collective – leads to wage dispersion across firms for identical workers. More productive and larger firms pay higher wages. Young firms pay higher wages, so fewer firms enter. Each firm can lower its wages by hiring more workers, so firms grow to be too large. In the model, industry level bargaining helps with these problems. It reduces wage dispersion, which leads to more output and employment.

Thomas Breda, Paolo Santini : “Do unions have egalitarian wage policies for their own employees? Evidence from exhaustive earnings data in the US”

While labor unions bargain for more equality among their members and in the general society, little is known about their own compensation practices. Using administrative earnings data covering almost all employees and officers of U.S. labor unions over the period 2000-2016, we show that unions do “as they preach”. They pay wages that are on average 30% higher than in comparable U.S. private firms, but much more equally distributed: Gini coefficients are 20% smaller among unions and the share of total earnings accruing to the top 1% of wage earners is twice smaller. We argue that such a low level of inequality, especially at the top, is puzzling because union leaders do have some margin to set their own pay due to the absence of a strong internal control mechanism on the pay-setting in such non-profit organizations. We show that media can however act as an external source of control by advertising cases where earnings are deemed too high. For example, 20% of union leaders with earnings above \$500K have been attacked by the press, and these attacks have been followed by a 20% average drop in their earnings. Two important features explain the effectiveness of the media in limiting earnings among union employees. First, those earnings are publicly available. Second, the idea that union employees should not be highly paid is widely spread among the general public. This social norm incentivizes the media to release articles about high-wage union employees, and it makes such releases a real threat for unions’ consumer base retention. This mechanism can help understanding why inequality is so low, particularly at the top, in labor organizations. More generally, it shows how pay norms can affect real pay, even in a declining sector where firms have strong incentives to perform well in order to survive.

Abstracts

Session IV (a): Unions II (cont.)

Maxime Pettinger: “Polarization of the wage structure and the role of institutions: a cross-country comparison”

Combining ECHP and EU-SILC microdata, we estimate the impact of institutions on SBTC-induced wage polarization for several European countries by decomposing the change in wages between 1995 and 2017 into a part due to the pricing of workers’ characteristics and a part due to the distribution of these characteristics. Our strategy consists in exploiting the private-public difference in institutionalization: we identify the impact of institutions by comparing the wage structure effect between these two sectors. After having estimated and compared the country-sector-specific aggregate wage structure effects, we use the Firpo et al. (2018) detailed decomposition method to isolate the contribution of education to these effects. Concerning the aggregate effect, our results indicate that institutions have been able to mitigate wage polarization, as expected in the European context. While evidence concerning the contribution of educational attainment are more mixed, results fit our expectations in countries where polarization of the wage structure has been observed in the private sector: change in education pricing contributed to this polarizing pattern in the private sector, but exhibited a somehow anti-polarizing pattern in the public sector.

Abstracts

Session IV (b): Working from Home & Covid-19

Vahagn Jerbashian, Montserrat Vilalta-Bufi: “The impact of ICT on working from home: Evidence from EU Countries”

We use data from 14 European countries and provide evidence that the fall in prices of information and communication technologies (ICT) is associated with a significant increase in the share of employees working from home. Similar results hold within age, gender, and occupation groups. There are notable differences across age groups, however. The effect of the fall in ICT prices on working from home increases by age. A rationale for such a result is that the preference for working from home increases with age.

Laetitia Hauret, Ludivine Martin, Nicolas Poussing: “How digital tools use profiles of teleworkers influence their digital up-skilling during the spring 2020 lockdown?”

The aim of this paper is to analyze the evolution of the use of digital tools by employees who work from home during the spring 2020 lockdown and its repercussions on their digital up-skilling. Using a sample of 438 employees working for firms located in Luxembourg, our analysis enabled us, first, to classify employees working from home during the lockdown in five digital tools user profiles and, second, identify the main drivers of the improvement of digital skills during the lockdown period. We show that a majority of teleworkers increased their use of digital tools during the lockdown and the use of many digital tools is beneficial to teleworkers' digital skills improvement. More specifically, it is teleworkers who have experienced new digital tools during the lockdown and who have used them intensively ('High extensive use' profile) that are those who estimate the most that their digital skills improved during the lockdown. These results have managerial implications for the future of work from home.

Abstracts

Session IV (c): Job Loss and Involuntary Part-Time Employment

Ignat Stepanok: “FDI and unemployment, a growth perspective”

North-South foreign direct investment (FDI) is frequently viewed as a process in which jobs relocate from the North to the South. I build a growth model with two asymmetric trading economies, the North where firms innovate and the South where Northern firms invest to take advantage of lower wages. Contrary to expectation, I find that lower FDI costs increase unemployment both in the North and in the South. There are two effects of FDI on unemployment, a direct positive one which contributes to the turnover of firms parallel to innovation. The indirect effect appears through innovation and growth: more FDI means higher innovation, this intensifies firm turnover and increases the unemployment rates in both countries even further. I solve the model analytically without trade costs and imitation of products in the South. For the version with trade costs and imitation I offer a numerical solution in which I also look at the effect of FDI on welfare and find a positive relation. In addition to FDI, I explore how intellectual property (IP) rights protection affects unemployment and welfare. Both are higher in a steady state with stricter IP protection.

Theresa Markefke, Rebekka Rehm: “Macroeconomic determinants of involuntary part-time employment in Germany”

In times of economic crisis, many employers in the US and UK reduce their employees’ working hours, which results in a higher incidence of involuntary part-time work (IPT). German labor market regulations make hours adjustments more difficult as employers need employees’ consent. Against this institutional background, we use a panel regression framework that exploits German federal state-level variation to investigate the relevance of cyclical and structural factors for the incidence of IPT. We find that IPT is closely correlated with unemployment and that this relationship exists within most sectors. Since unilateral downward adjustment of hours is hampered by regulation, we investigate alternative channels that potentially explain the connection of unemployment and IPT. Our analysis suggests that it stems from fewer job opportunities for both unemployed and employed workers, and from added labor supply on the intensive margin, that is, increasing supply of hours by already employed workers during downswings.

Abstracts

Session IV (c): Job Loss and Involuntary Part-Time Employment (cont.)

Antoine Bertheau, Edoardo Acabbi, Cristina Barcelo, Andreas Gulyas, Stefano Lombardi, Raffaele Saggio: “The costs of job loss across Countries: Evidence and explanations”

This paper documents the consequences of job loss across seven European countries. The analysis builds on a harmonized European matched employer-employee dataset that combines high-quality administrative registers from France, Austria, Denmark, Sweden, Spain, Italy, and Portugal spanning three decades (1990s-2010s). Event study estimates show that the earnings losses following a displacement event are vastly different across Europe. Workers in Denmark and Sweden suffer the lowest earnings losses, while workers in Italy, Spain and Portugal suffer the highest losses. Then we provide evidence on two leading explanations to rationalize those findings. First, we investigate the role of changes in employer characteristics. We find that moving from a high-paying to a lower paying employer explains a surprisingly similar share of the earnings losses across all European countries. Second, we find that spending in active labor market policies is highly correlated with a reduction in long-term earnings losses. We discuss our findings vis-à-vis the theoretical search and matching literature on wage and unemployment dynamics.

Abstracts

Session V (a): Migration and the German Labour Market

Luisa Hammer, Matthias S. Hertweck: “EU enlargement and (temporary) migration: Effects on labour market outcomes in Germany”

This paper quantifies the labour market effects of recent EU immigration. Using administrative SIAB data across 75 regions in West Germany (2005-2017), we first identify natives, earlier migrants, and recent immigrants. We further classify recent immigrants into “new arrivals” and “stayers” to separately identify the short- and medium-run effects of EU immigration. Among natives, we find a temporary negative wage effect, particularly at the bottom of the wage distribution. Among earlier migrants, there is also a permanent negative wage effect, but only at the bottom of the wage distribution. Among both groups, we find permanent positive effects on (full-time) employment.

Teresa Freitas Monteiro: “Migration motivation and ethnic identity of migrant couples in Germany: Tied versus lead movers”

This study examines the determinants of the migration position (tied or lead mover) and how it affects the cultural adaptation of first-generation migrant spouses. The challenge that migrants face with regards to their commitment and sense of belonging to a culture and society (ethnic identity) only becomes salient after migration, when origin and host cultures might clash. Particularly, when the migration decision is due to family reasons, individuals might be more likely to experience a loss in the sense of belonging, a deterioration of social relations and missed professional opportunities. Tied and lead movers have different migration motivations (family versus work) and face different constraints (e.g., human capital) and opportunities (e.g., social network through work). This is likely to be reflected in different investment strategies and adjustment patterns in the host country. To study the adjustment of tied and lead movers, I rely on the IAB-SOEP migration sample, which asks migrant spouses who was the main driver of the migration decision. Using structural equation modelling with instrumental variables I look at the determinants of the migration position and I evaluate how it affects the ethnic identity of spouses. Preliminary findings suggest that gender remains a main determinant of who is a tied mover within a couple. Women with higher human capital and coming from a country with more gender equal laws and regulations are less likely to be tied movers. Overall, tied movers are more likely to be separated and less likely to be integrated.

Abstracts

Session V (b): Experiments

Gergely Horvath: “Alleviating behavioral biases at job search: Do nudges work?”

In an online experiment, we study the effectiveness of policy interventions in reducing the impact of behavioral biases on job search. Due to the present bias, individuals set a lower search effort and a lower reservation wage than the optimal values, while sunk-cost fallacy makes individuals reduce their reservation wage over the search spell. We compare the effects of search cost reduction and nudging on alleviating these biases. We find that search cost reduction increases the investment in search effort and the individual welfare but not the reservation wage. Conversely, nudging increases the reservation wage, but not the investment in search effort or individual welfare. Furthermore, we show that both search cost reduction and nudging are effective in alleviating the impact of sunk-cost fallacy on the choice of the reservation wage. Our results suggest that behavioral interventions should be part of active labor market policies.

Thomas Dohmen, Arjan Non, Tom Stolp: “Risk and incentives: Agents’ contract choice in risky environments”

We conduct laboratory experiments to investigate basic predictions of principal-agent theory about the relationship between piece rates, agents’ risk aversion and riskiness of the environment. Subjects in our experiments choose their preferred payment scheme for a real-effort task from a menu of linear piece rates schemes. As standard theory predicts, more risk averse individuals choose lower piece rates. In contrast to theoretical predictions, we find that low productive risk averse workers choose higher piece rates when the riskiness of the environment increases. We hypothesize that reference points affect piece rate choice in risky environments. Individuals whose expected earnings would exceed (fall below) the reference point in a risk-free environment behave risk averse (seeking) in risky environments. In a second experiment, we exogenously manipulate reference points and confirm this hypothesis.

Abstracts

Session V (c): Labour Market and Gender Inequality

Cyprien Batut, *Caroline Coly*, Sarah Schneider-Strawczynski : “It’s a man’s world: culture of abuse, #MeToo and worker flows”

Sexual harassment is a widespread issue in the workplace. In France, around 4% of women report some sort of harassment at work in the last 12 months. Harassment can deter women from entering the labor market but can also lead them to quit toxic workplaces at their expense. This paper is one of the first papers to study the link between sexual harassment and worker flows. First, we investigate which factors affect the likelihood of being harassed in the workplace. Second, we use the shock caused by the #MeToo movement in France to understand whether the change of norms it impeded improved the working conditions of women. To do that, we use a representative survey of French employees that includes a self-administered questionnaire about instances of sexual harassment. We find that younger women working in low-paid jobs, either in the industry or accommodation and catering, are the most exposed to sexual harassment from colleagues. We also provide evidence that the risk of harassment at the establishment level is correlated with lower hourly wages. We exploit that information and exhaustive administrative datasets to construct a measure of harassment risk available for all French establishments. Using a triple-difference strategy, we find that #MeToo led to a reduction in the relative quit rate of women and then to an increased presence of women in more at risk establishments due to fewer reallocations. Social movements can change the “culture of abuse” that dominates in some workplaces and improve women’s working conditions.

Abstracts

Session V (c): Labour Market and Gender Inequality

Tanja Fendel, Yuliya Kosyakova: “What is going on when migrant women integrate into the labor market? Autonomy, dependency or gender and the couples’ division of housework“

The division of housework time among migrant and especially non-Western migrant couples is far from even and gender differences are higher than among native-born couples. This study examined the impact of the migrant women’s labor market integration on her and her partners’ housework time, to assign the behavior to theoretical perspectives (relative resources, gender deviance or autonomy). Using data from the German Socio Economic Panel (GSOEP) for the years 1995-2018, the results of fixed effects estimations show that among Western migrant and native-born women, the relative in contrast to the absolute income as well as the labor market entrance has significant impact on the wife’s housework time. A negative effect of the relative income decreases with the women’s income share but does not become positive following the gender device perspective. Non-Western migrant women hardly adjust their housework hours to the absolute or relative income or the labor market entrance. The adjustments of their partners on their labor market situation are even higher than the own adjustment. It is of high relevance to realize equal sharing patterns at the migrant family level, to supply accessible, affordable and quality external services as well as to develop policies to monitor and regulate working conditions in the domestic services.

Abstracts

Elevator Pitch 2

Enja Marie Herdejürgen, Martin Schneider: “Workspace satisfaction and employee referrals: A new framework based on data from the employer review website kununu”

In the light of more flexible work, in different locations and varying project teams, traditional approaches such as the job characteristics model (JCM) by Hackman and Oldham appear to be too narrow to summarize the determinants of work satisfaction among knowledge employees. In this paper, we present a novel and more encompassing workspace-design framework and illustrate its empirical usefulness, analyzing survey data (N = 16,879) from kununu, an employer review website for the German speaking labor market. Key dimensions of work satisfaction are gained from analyzing the various workspace characteristics by applying probit regression models. Our analyses show that employee satisfaction, indicated by the willingness to recommend the present employer, is influenced more strongly by factors other than pay, in particular by supervisor behaviour and work atmosphere. Furthermore, the ways in which the various factors influence employees' satisfaction is often contingent on factors of the broader work environment, namely the office layout and type of industry.

Irene Simonetti: “Severe Health Shocks and Access to Public Transfer Programs: Evidence from Italian Administrative Records”

I investigate how the experience of an acute health shock drives individuals' choices in terms of Social Security Programs (SSP). So far little attention has been placed on studying the potential 'substitutability' offered by multiple SSP; however, the peculiarities of social security systems together with the local labour market opportunities may strongly address individuals' behaviours. Differently from the widespread literature pointing to early-retirement as one of the main exit channels after health deterioration, it appears somehow unfeasible for unhealthy blue-collar workers. Instead, their probability to receive a DI benefits - temporary benefits in particular - is 22 percentage points higher in the very short-run, remaining significantly positive up to seven years later. At the same time - possibly as the consequence of post-shock economic difficulties - a positive gap in recipients of social assistance programs is found, while opposite trends appear in UI benefits as a result of compatibility constraints. In light of these findings I point toward the importance of assessing the appropriateness of the labour inclusion policies as well as of social support programs

Abstracts

Elevator Pitch 2

Gyozo Gyongyosi, Balázs Reizer, Dzsamila Vonnák : “Vacant positions and firm performance”

This paper studies how firm-level vacancies affect wages and firm performance in Hungary. We combine survey data on vacancies with firms’ financial statement data and matched employer-employee data. As firms are more likely to report vacancies after positive demand shocks, we use workers’ move between firms to instrument vacancies. The results show that firms react to skill-specific vacancies by increasing wages at the same skill level on a quarterly time horizon. Finally, we show that the detrimental effects of vacant positions are not temporary. They have a significant negative impact on firm revenue and investment even two years after reporting.

Abstracts

Session VI (a): German Labour Market II

Kornelius Kraft, Alexander Lammers: “Bargaining power and the labor share – a structural break approach”

In this paper we investigate the relevance of bargaining institutions for the decline in the labor share. Several explanations for the decline exists considering the relevance of technology, globalization and markups. Surprisingly neglected so far, however, is the influence of bargaining institutions in particular with a focus on changes in the outside option. We provide evidence on this issue and use the Hartz IV labor market reform in Germany as an exogenous shock in wage bargaining of employees and investigate its impact on the labor share. We first develop a theoretical model in which we outline the effect of a decrease in the outside option within a wage bargaining framework. Then, the approach is twofold. Combining the EU KLEMS and Penn World Table databases, we first endogenously identify the Hartz IV reform as a significant structural break in the German labor share. Second, we estimate the effect of the Hartz IV legislation on the aggregated labor share using a synthetic control approach in which we construct a counterfactual Germany doppelganger. Finally, we use rich firm-level panel data compiled by Bureau van Dijk to support our results on the aggregated labor share. We find that the reform decreases the labor share by 2.7 percentage points and moreover the synthetic control approach provides evidence that this effect is persistent over time after the reform.

Christine Dauth: “The effects of private versus public health insurance on health on labor market outcomes”

Among health care systems with both public and private elements (such as in the US and Germany), an important question is whether the type of health insurance exerts an impact on workers’ careers. We exploit the unique German case of a two-tier health care system to analyze whether opting out of public statutory health insurance and into private health insurance affects the specific health and employment outcomes of employed workers over a period of nine years. We exploit administrative registers and apply a fuzzy regression discontinuity design. We do not find any evidence that the type of health insurance affects employed workers’ outcomes in the medium or long run. This suggests that even though private health insurance entails more comfortable healthcare conditions, public health insurance does not come with heavy health impairments or detrimental employment outcomes.

Abstracts

Session VI (b): Welfare-to-Work Transitions

Mareen Bastiaans, Robert Dur, Anne C. Gielen: “Labor market and health effects of an activation program for the long-term inactive”

Some active labor market programs have been shown to improve labor market outcomes, however they mostly focus on individuals relatively close to the labor market. Many long-term benefit recipients suffer from mental health issues, indicated by the high rate of mental health care use in this group. Activation strategies for this group may not result in better labor market outcomes, but may benefit these individuals by replacing some of the benefits that a job offers such as providing a routine, social network and a sense of being valued or appreciated. We evaluate the effects of an activation program for individuals with a large distance to the labor market, at least five years out of employment and on general assistance. We exploit the staggered implementation of the program which allows for a difference-in-difference design. We find that the activation strategy decreases general assistance receipt, but we find no increase in employment nor benefit substitution. Moreover, we find an increase in drug use, partially driven by mental drug use. The exit out of general assistance is concentrated among those with a relatively short general assistance duration pre-treatment (5-9 years), whereas the drug effect is concentrated among those with the longest general assistance duration (at least 14 years).

Vincent Dautel, Alessio Fusco: “Investigating neighbourhood effects in welfare-to-work transitions”

We analyse the existence and underlying mechanisms of neighbourhood effects in welfare-to-work transitions in the context of a dominant proportion of foreign-born individuals. The analysis is based on Luxembourg social security longitudinal data, covering 2001–2015, and provides precise information at the postcode level, corresponding mostly to streets. Our identification strategy exploits the exogenous variations provided by the very fine data granularity and follows two paths. We first examine interactions among all neighbours using an individual-level analysis, before focusing on interactions among only welfare recipients using a matched-pair analysis. This second step allows us to deal with the mediating effect of welfare recipients’ citizenship. The main findings highlight the existence of neighbourhood effects in welfare-to-work transitions, which are also affected by the characteristics of the neighbours, including their citizenship. These characteristics suggest that social norms and/or stigma, prevail over the support for welfare recipients to find a job, and over the in-group support for welfare recipients. The matched-pair analysis provides contrasting results across citizenship for individuals from large-sized citizenship groups (interactions within the own group) and individuals from medium-sized groups (interactions between groups).

Abstracts

Session VI (c): Minimum Wages

Jorge Pérez Pérez: “City minimum wages and spatial equilibrium effects”

Local minimum wage laws are becoming common across U.S. cities, and their effects may be different from the effects of state or national minimum wage policies. This paper studies the effect of changes in the minimum wage on spatial equilibriums in local labor markets. Using residence and workplace data for the United States, I analyze how commuting, residence, and employment locations change across city and state borders if the minimum wage changes on one side of the border. I find that areas in which the minimum wage increases receive fewer low-wage commuters. A 10 percent increase in the minimum wage reduces the inflow of low-wage commuters by about 2.5 percent. Rises in the minimum wage are also associated with employment relocation across borders toward areas that did not witness an increase in the minimum wage. I formulate a spatial equilibrium gravity model to explain the distribution of workers between low- and high-minimum wage areas. I calculate counterfactual equilibriums with a higher minimum wage for U.S. counties with cities considering an increase, highlighting the role of commuting and migration responses. About two-fifths of the counties considering increases would receive fewer low-wage commuters. Employment relocation away from high-minimum wage areas drives the commuting losses.

Larissa da Silva Marioni: “The effects of minimum wage on education acquisition in Brazil”

Changes in the minimum wage will affect the wage distribution and possibly skill premia. In particular, the latter will affect education investment decisions. This paper examines potential effects of a minimum wage policy on education investment on-the-job. To do so I proceed in two steps: first, I examine the impact on the skill premium of changes in two different measures of the minimum wage policy: absolute and relative level of the minimum wage. To identify the effects of the national minimum wage policy, I exploit variation of price levels across time and states. Second, I measure the effect of the two measures on education investments. I find that an increase in the absolute minimum wage decreases the skill premium and has, on average, a negative effect on educational acquisition. The impact is more pronounced on the bottom of the wage distribution (10th and 25th percentiles). By contrast, an increase in the relative minimum wage increases the skill premium for top levels of education and, on average, has no significant effect on education investments. However, there is some evidence for heterogeneous effects as investments for the 25th, 50th and 75th percentiles of the wage distribution are positively affected.

Abstracts

Session VII (a): Collective Bargaining

Yann Thommen: “Reforms of collective bargaining institutions in European Union countries: Bad timing, bad outcomes?”

This paper investigates whether flexibility-enhancing reforms of national collective bargaining systems have positive outcomes in terms of employment and unemployment in the short term, especially when implemented during an economic downturn. The analysis consists in applying local projections to a novel panel database of reforms of collective bargaining institutions in EU countries in the period 2000–2018. There is no evidence that making collective bargaining institutions more flexible during a recession has a positive effect on employment or unemployment in the short term. More specifically, reforms that reduce bargaining coverage have negative short-term effects, particularly on the employment of young people and low-educated workers, and are associated with a decline in the share of temporary jobs. The results do not support the idea that collective bargaining institutions should be reformed during a recession to boost employment.

Marta Martínez Matute, Pedro S. Martins: “How representative are social partners in Europe? The role of dissimilarity”

Social partners (trade unions and employers’ associations) shape labour institutions and economic and social outcomes in many countries. In this paper, we argue that, when examining social partners’ representativeness, it is important to consider both affiliation and dissimilarity measures. The latter concerns the extent to which affiliated and non-affiliated firms or workers are distributed similarly across relevant dimensions, including firm size. In our analysis of European Company Survey data, we find that affiliation and dissimilarity measures correlate positively across countries, particularly in the case of employers’ associations. This result also holds across employers’ associations when we use firm population data for Portugal. Overall, we conclude that higher affiliation rates do not necessarily equate to more representative social partners as they can involve greater dissimilarity between affiliated and non-affiliated firms.

Abstracts

Session VII (b): Wage Inequality

Anil Duman, Alper Duman : “The more the gloomier: development of informal employment and its effect on wages in Turkey”

Various studies found wage gaps between formal and informal sector workers even after controlling for a number of individual and firm level characteristics. It has also been shown that earnings differentials across these sectors are quite stable over the years. While there is limited amount of research considering the same issues focusing on Turkish labor market, the development of wage gap between formal and informal employment has not been examined. In our paper, we carry this analysis for Turkey and estimate the wage gap between formal and informal sector workers by utilizing the Household Labor Force Survey (HLFS) for the period of 2005 and 2019. There are three main findings; first, decline in informal employment is not uniform and especially after 2012 there is a slight increase in the share of informal jobs at the lower end of wage distribution. Second, we demonstrate that returns to informality vary significantly across quantiles even after a matching technique through inverse probability treatment weights are considered. While at the upper end of the distribution, the penalty is extremely small and stable over the years, at the bottom end, the informal sector considerably reduces wages, and the effect becomes larger over time. The negative and increasing penalty is observable well before the refugee inflows. The last part of our analysis looks at the occupational composition within formal and informal sectors over time and points out that the rise of white collar low skilled service (WCLS) jobs among informal employment is mainly responsible for the increasing wage gap for the workers at the bottom end.

Abstracts

Session VII (b): Wage Inequality

Franziska Brall, Ramona Schmid: “Automation, robots and wage inequality in Germany: A decomposition analysis”

We analyze the relative importance of automation and robotization for wage inequality in the manufacturing sector in (West) Germany between 1996 and 2017. Combining rich linked employer-employee data accounting for a variety of different worker and plant characteristics with data on industrial robots and automation probabilities of occupations, we are able to disentangle the relative contribution of a wide range of potential factors to changes in German wage dispersion. We apply an Oaxaca-Blinder type decomposition based on recentered influence function (RIF) regressions on several inequality indices and find evidence that besides personal characteristics like age and education, automation and robotization contribute significantly to wage inequality in Germany. Structural shifts in the workforce composition towards occupations with lower automation threat are a major factor associated with wage inequality between 1996 and 2017. The increase in wage dispersion among the different automation threat groups have contributed significantly to higher wage inequality in the 1990s and 2000s, while there is no evidence that this effect has played a significant role in the more recent time period.

Abstracts

Session VII (c): Hartz Reforms

Christian Merkl, Timo Sauerbier: “Hartz III, matching efficiency, and German unemployment”

Our paper analyzes the contribution of the Federal Employment Agency to the increase of matching efficiency in Germany and the reduction of unemployment. While aggregate matching efficiency increased after the Hartz labor market reforms, the share of jobs that was directly intermediated via the Federal Employment Agency decreased. Our paper presents new empirical facts and proposes a search and matching model with a private and a public labor market segment. The model is targeted to important facts from the data. Both counterfactual model simulations and reduced-form estimations point to a negligible direct role of the Federal Employment Agency (as an intermediary) for the decline of German unemployment. However, the agency may have increased matching efficiency by stimulating unemployed workers' private search activity.

Lukas Hörnig: “Regional analysis of the Hartz reforms”

Between 2003 and 2005, the German government passed a labor market reform package unprecedented in German history, commonly known as the Hartz reforms. Since then, Germany has experienced a „labor market miracle“. In this paper, I investigate these reforms on a regional level and give a more comprehensive picture whether the reforms aggravated or reduced regional differences. I apply a regional difference-in-differences framework known from the minimum wage evaluation literature to analyze the effect of the reforms on employment on the county level. The empirical results show that more prosperous counties benefit more than counties with high unemployment rates. Hence, the reforms have not improved economic performance in the same way throughout Germany but has actually increased regional divergence.

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