

Abstracts

Friday 11 September, 11:00 - 13:00

A01 - Education and Gender

Girls, Girls, Girls: Gender Composition and Female School Choice

Nicole Schneeweis, Martina Zweimüller

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Gender segregation in the labor market may be partly explained by women's reluctance to choose technical or male-dominated occupations, although the foundations for their career choices are certainly laid earlier, during education. Educational experts claim that female students are doing better in math and science and are more likely to choose those subjects if they are in single-sex classes. Possible explanations are the dominating behavior of boys in the classroom, unequal treatment by teachers and the lack of role models and self-confidence of girls in male-dominated subjects. In this paper, we identify the causal impact of gender composition on school choice for female students, using register data covering 19 cohorts of compulsory school students from Linz, the 3rd largest city in Austria. We propose that girls are less likely to choose a female-dominated school type at the age of 14 after spending the previous years of secondary education in classes with a higher share of female students. The Austrian education system consists of a range of intermediate and higher vocational school types with different orientations, such as schools for domestic sciences or technical schools. We address the problem of endogenous school choice by using natural population variation in gender composition of adjacent cohorts within schools. The result of the study is clear-cut and survives a number of falsification and sensitivity checks. Females are less likely to choose a female-dominated school type and more likely to choose the technical school type if they were exposed to a higher share of girls in previous grades. Our paper contributes to the recent debate about coeducation either in certain subjects or at the school level.

Keywords/JEL-Code: Gender segregation Coeducation I21, I28, J24

Friday 11 September, 11:00 - 13:00

A01 - Education and Gender

Intergenerational Education Mobility Among Immigrant Mothers and Their Daughters in Sweden

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This study presents estimates of intergenerational mobility in educational attainment between second-generation immigrant daughters and their mothers for different ethnic groups in Sweden. The data is based on register information on all daughters between 24 and 39 years old in 2003, who were born in Sweden and have parents who have migrated from the same country. The preliminary results* indicate that the importance of the mother's education as a determinant for explaining the educational attainment of the daughter differs across ethnic groups. However, the mobility is higher within most of the ethnic groups than within the native group. There is convergence towards the native mean across the two generations implying that differences in educational attainment between women with immigrant background and native women have decreased. Ethnic capital, as measured by the respective ethnic group's average level of education, seems not to be an important determinant of differences in educational attainment among second-generation daughters in Sweden.

* The preliminary findings will be reviewed by extending the data material to include daughters between 27-42 years old in 2007. Estimations for second-generation female immigrants with one native born parent will also be conducted.

Keywords/JEL-Code: Immigrants, education, intergenerational mobility. I20, J15, J62

Friday 11 September, 11:00 - 13:00
A01 - Education and Gender

A Student Just Like My Child: The Effect of Child Gender on Professional Behaviour

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Gender attitudes are prevalent in various aspects of life, but how they are formed and to what extent they affect our professional decision making is still an open question. We explore how the gender exposure from the composition our own family affect us in our professional behaviour; in particular, how teachers' productivity and grading biases are affected by the gender of their first born child. Our results show that male teachers initially become more lenient in their grade setting towards girls - relative to boys - if their own first born child is a girl. At the same time these female students perform worse on standardized tests. When the own daughter grows older male teachers become relatively tougher in setting girls' grades, and these girls also start performing better. Female teachers, on the other hand, get relatively more productive at teaching boys if their first born child is a son, but there are no effects on timing or on grade setting.

Keywords/JEL-Code: Teacher productivity Gender bias Endogenous preferences D83, I29, J16

Friday 11 September, 11:00 - 13:00
A02 - Education: Effects of Education

A Panel Data Analysis of the Incidence and Impact of Overeducation

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This paper adds to the overeducation literature using panel data from the British Household Panel Survey. Much has been written about who is more likely to be overeducated, and the impact of being overeducated on wages, at particular points in time using cross-sectional data. Panel data allows us to control for unobserved individual heterogeneity in the determinants of incidence and impact of overeducation. The paper goes on to estimate the determinants of transitions out of overeducation, providing new information about its duration, and the factors that influence being in, and escaping from, this state.

Keywords/JEL-Code: Overeducation, Skills J24, J31, I2

Friday 11 September, 11:00 - 13:00
A02 - Education: Effects of Education

Anticipatory Effects of Curriculum Tracking

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Curriculum tracking, the separation of secondary school students into academic and vocational tracks, correlates positively with pre-tracking achievement in both British and international data. I argue that this correlation is caused by the incentives emanating from the track placement decision. Using test score data collected in TIMSS 1995 and 2003, and in PIRLS 2001 and 2006, I investigate the effect of tracking on the early achievement distribution empirically, amongst others by means of quantile regression. The evidence presented in this paper implicates that previous value-added estimates of the net impact of tracking may be biased.

Keywords/JEL-Code: curriculum tracking ability streaming high-stakes testing I21, I28, J08, J24

Friday 11 September, 11:00 - 13:00
A02 - Education: Effects of Education

Can Your Secondary School Change Your Life? Evidence from the UK '11-plus' lottery and a Unique Longitudinal Dataset

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Based on analyses of the effects of a wide range of educational experiences in different countries and time periods, the recent education literature suggests that high school interventions can affect a wide range of outcomes, including earnings, family life, health and happiness. In this paper we use a uniquely valuable dataset to document how a single educational intervention in a particular UK setting can affect all of these outcomes. The intervention is assignment to the elite high school in the selective secondary education system that existed in the UK until the late 1960s. The setting is a Scottish school district in which secondary school assignments were a rigid function of the scores obtained on a series of tests taken at age eleven (the "11-plus"). The dataset, the "Aberdeen Children of the 1950s" contains a large sample of children that were born in the 1950s and attended secondary schools in this district in the 1960s. In 2001, aged around fifty, these children were traced and administered a wide-ranging questionnaire. We exploit the sharpness of the 11-plus rules to implement instrumental variables and regression discontinuity estimates of the causal effects of attending an elite school on a selection of these long-term outcomes. We then try to shed light on the mechanisms underpinning these effects before comparing these effects to the effects associated with other dimensions of children's background such as parental social class.

Keywords/JEL-Code: regression discontinuity, selection by ability J24, J31, I2

Friday 11 September, 11:00 - 13:00
A02 - Education: Effects of Education

The Signaling Value of Central School Exams

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While the fact that students perform better in education systems with curriculum-based external exit exams is well documented, little is known about the channels through which this reduced-form pattern arises. One possible channel is that central exams increase the signaling value of high school leaving grades, so that students increase their learning effort to reap later labor-market benefits. This paper tests this channel in a differences-in-differences framework, estimating whether earnings differences between high and low grades are greater in German States without central Abitur exams than ones with them. There is clear evidence that the earnings premium for high school leaving grades is bigger when they are based on central exams. Central exams also increase the number of interviews and job offers per application.

Keywords/JEL-Code: Central exit exams, signaling differences-in-differences, Germany earnings, measurement error I20, J31, J24

Friday 11 September, 11:00 - 13:00
A02 - Education: Effects of Education

What Does Occupation-Related Vocational Education do? Evidence from an Internal Labor Market

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Whether high school vocational education programs contribute to higher post-school wages has been an on-going debate in the literature. Several studies find weak wage effects, others find that wage gains are confined to those who pursue an occupation that is directly related to the vocational training received in high school, and yet others find no wage effects. We shed light on this debate by focusing on a single occupation and following the careers of individuals who received training in high school directly related to this occupation. More specifically, we use a rich data set on cohorts of military recruits who received military-specific training in high school via the JROTC program. JROTC shares characteristics with both vocational training and school-to-work programs. We find that the occupation-specific training received via JROTC improves turnover and job stability, suggesting that one important effect of vocational training is to improve the quality of the job match. We also find that vocational trainees earn higher wages after four years in the job, however, this is due to the vocational education head start, rather than their faster advancement in the hierarchy.

Keywords/JEL-Code: vocational education; JROTC; turnover; promotion J 24

Friday 11 September, 11:00 - 13:00

A03 - Family and Work: Effects of the Labour Market

Job Loss and Fertility

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This paper uses Finnish longitudinal employee-employer data (FLEED) matched to birth records to estimate the effects of job displacement on fertility. We focus on prime age female workers who lost their job due to a plant closure in 1996 and follow them several years before and after the job loss. As a comparison group we use similar workers who were not affected by a plant closure. In order to examine the possible channels through which job loss affects fertility we examine also the effect on earnings, employment and divorce. The preliminary results show that while job loss significantly reduced earnings and employment probability, it had no effect on divorce and only a modest effect on fertility rates.

Keywords/JEL-Code: plant closure, employment, earnings, divorce, fertility J65, J13, J12

Friday 11 September, 11:00 - 13:00

A03 - Family and Work: Effects of the Labour Market

Maternal Employment and Happiness: The Effect of Non-Participation and Part-Time Employment on Mothers' Life Satisfaction

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The child care supply in Germany is very restrictive and opening hours of child care centers are often inflexible. Therefore, many mothers are not able to take up employment or they work only on a part-time basis. This paper analyzes the impact of mothers' employment constraints on life satisfaction, using data from the German Socio-Economic Panel (SOEP) study. Controlling for individual fixed effects, I find that non-participation and part-time employment are associated with significantly lower life satisfaction than full-time employment. In order to illustrate the magnitude of the estimated effects, compensating income variations reveal that the household income would have to be raised by 182 percent (157 percent / 77 percent) in order to just offset the negative effect of being not able to work (being in small/large part-time employment). The estimated coefficients are decomposed into a pecuniary effect (forgone earnings) and a non-

pecuniary (psychological) effect, which are both found to be substantial and significantly different from zero. The findings also reveal that - in terms of overall happiness of the population of mothers - non-participation is a more serious problem than unemployment.

Keywords/JEL-Code: life satisfaction maternal employment labor market non-participation J21, J22, I31, J13

Friday 11 September, 11:00 - 13:00

A03 - Family and Work: Effects of the Labour Market

Honey, I'll Be Working Late Tonight. The Effect of Individual Work Routines on Leisure Time. Synchronization of Couples

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In this paper, time use data from Germany are used to assess the impact of an increased degree of temporal work flexibility on a couple's leisure time synchronization. Optimal matching algorithms are applied in order to find clusters for 1. the degree of an individual's temporal work flexibility and 2. the spouses degree of leisure time overlap. Results will be used in an ordered probit model and it is found that the development towards more temporal work flexibility rather conflicts with family life than helps facilitating the worklife balance as it becomes harder to organize mutual time schedules.

Keywords/JEL-Code: Time Use, Family Economics, Flexibility, Leisure D13, J12, J16, J22

Friday 11 September, 11:00 - 13:00

A03 - Family and Work: Effects of the Labour Market

The Effects of Unemployment on Time Use: Individual and Household Approaches

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We analyze how unemployment affects the time use of couples from both individual and household approaches. Specifically, we analyze the effects of unemployment on core activities such as cooking, ironing, or basic childcare, on time stress reported by individuals, and on synchronous leisure and leisure with others (togetherness in leisure). Using the Spanish Time Use Survey 2002-2003, we find, at the individual level, that own unemployment increases the time devoted to childcare and housework activities, and we find differential gender crossed effects, since unemployment in men does not affect the time devoted to childcare by women, and unemployment in women does not affect the time devoted to housework by men. At the household level, we first find that couples with unemployed individuals devote more time to housework and childcare activities, consistent with Becker's theories of household production, since time intensive commodities are produced more in households with unemployed individuals. Second, unemployment does not affect the time stress of men, while unemployed women report lower levels of time stress, consistent with the economic literature arguing that working women face a "double burden" or "second shift". Third, we find that while unemployed wives desire more synchronous leisure with their husbands, husbands do not.

Keywords/JEL-Code: Unemployment Time Use Individual and Household Approaches D13, J22

Friday 11 September, 11:00 - 13:00

A04 - Health and Job Satisfaction in Employment

Demotivating Workers: Retrenchment of Pension Rights and Negative Reciprocity

Raymond Montizaan, Thomas Dohmen, Frank Coevers, Andries De Grip

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This paper identifies the causal impact of a retrenchment of pension rights on the job motivation of negatively reciprocal workers. The paper complements the evidence from lab experiments that highlight the behavioral relevance of reciprocity in stylized labor markets. We use unique matched survey and administrative data that include individual measures of reciprocity. Our data set covers male employees in the public sector in the Netherlands who were subject to an unexpected major pension reform in 2006, which was initiated by the government. We compare job motivation of employees who were born in 1950 and therefore face a substantial retrenchment of their pension rights to job motivation of slightly older employees who remain entitled to generous pension benefits. We find that job motivation declines among negatively reciprocal individuals who face the unexpected drop of pension rights, while we do not observe a negative treatment effect among non-reciprocal employees. Positively reciprocal inclinations do not trigger differences in job motivation between the treatment and control group.

Keywords/JEL-Code: reciprocity retrenchment of pension rights job motivation D63 J2 J28

Friday 11 September, 11:00 - 13:00

A04 - Health and Job Satisfaction in Employment

Measuring Job Quality and Job Satisfaction

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In recent years, the concept “quality in work” became more prominent at the agenda of policy-makers. For an indicator of job quality to be policy-relevant it needs theoretical underpinning. We apply the general framework offered by A. Sen (the functioning-capabilities approach) to evaluate well-being based on what an individual manages to do or to be (in his job). This is a theoretically attractive approach and an empirical challenge. To combine the attractiveness and empirical availability of (job) satisfaction measures with the theoretical arguments for alternative measures, we follow the suggestion of Schokkaert (2007b) “to keep the relevant insights from the satisfaction literature but correct for the undesirable side-effects”. We implement a ‘cleaning’ procedure to use the information from job satisfaction data of the 1978 birth cohort of the SONAR data-base. We want a ‘cleaned’ measure of job satisfaction to attach only weight to the functionings and capabilities (and the preferences over these) offered by the job, and not to the individual frame of reference influencing job satisfaction. The results show that ‘cleaning’ does make a difference when talking about “good or better jobs” and thus helps to get an insight in “what is a good first job” from a non-welfarist and policy-relevant point of view.

Keywords/JEL-Code: job quality, job satisfaction, capabilities J28

Friday 11 September, 11:00 - 13:00

A04 - Health and Job Satisfaction in Employment

The Relationship between Job Satisfaction and Contingent-Employment

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This paper analyses job satisfaction as an aggregate of satisfaction with several job aspects, with special focus on the influence of contingent-employment contracts. Fixed-effect analysis is applied on a longitudinal sample of Dutch employees in four work arrangements: regular, fixed-term, on-call and temporary agency work. Our results indicate that temporary agency work is the only contingent employment relation that is associated with lower job satisfaction compared to regular workers. Decomposition of this gap indicates that the major part is due to the low

satisfaction experienced by agency workers regarding the content of their jobs. A lack of job security is also responsible for part of the gap. For fixed-term and on-call workers the negative satisfaction effect originating from the lack of job security and lower wages is compensated by other job aspects and a variant relationship between total job satisfaction and its components.

Keywords/JEL-Code: job satisfaction temporary employment J28, J40, C23

Friday 11 September, 11:00 - 13:00

A05 - Labour Market Policies for the Lower End

Regional Effects of Minimum Wages - The Case of the German Construction Sector

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In 1997 minimum wages were introduced in the West and East German construction sector. The purpose of this paper is to analyze its impact on wage growth and employment retention probability of affected workers. Following a difference-in-differences approach we propose a method to identify the effects of this quasi-experiment despite the lack of information on working hours in the large panel micro data. The method determines the size of the treatment and control group by the Maximum-Likelihood criterion. All results show positive wage growth effects of the minimum wage regulation in both parts of the country. When it comes to employment effects, the results clearly differ between the two parts of the country. The employment effects are negative for East Germany and positive for West Germany although the latter are not always statistically significant. Although a simple transferability of the results for the construction sector to other industries is limited, our study provides some useful insights for this country concerning reactions on the minimum wage. It is the first paper analyzing the effect of minimum wages in Germany using microeconomic methods. As the minimum wage in the East German construction sector was much higher in relation to the median wage than in West Germany, a tentative conclusion of the different employment results might be that the trade-off between increasing wages for low-paid workers and the danger of job losses does not exist in the case here if minimum wages are moderate.

Keywords/JEL-Code: minimum wage J31, J38, R23

Friday 11 September, 11:00 - 13:00

A05 - Labour Market Policies for the Lower End

Subsidizing Low-Skilled Jobs in A Dual Labor Market

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We introduce a matching model that allows for classical and frictional unemployment. The labor market is dual featuring low-skilled and high-skilled workers. Low-skilled jobs pay a minimum wage, while wages in the high-skilled jobs are determined by Nash bargaining. Opportunities for low-skilled workers are limited to low-skilled jobs; while high-skilled unemployed can apply for both types of jobs, and thereby can accept to be downgraded. We analyze the outcomes of low-skilled job subsidy policies assuming that government budget is balanced through taxes on occupied workers. We first give conditions for the existence and uniqueness of a steady state equilibrium and we then analyze the effects of different fiscal instruments. We show that in this set-up, increasing low-skilled job subsidies does not necessarily reduce low-skilled unemployment or unemployment spells. We calibrate the model on French labor market data. It is found that for five low-skilled workers leaving classical unemployment, two high-skilled workers are downgraded.

Keywords/JEL-Code: classical and frictional unemployment matching, crowding-out minimum wage H21, H23, J41, J68

Friday 11 September, 11:00 - 13:00

A05 - Labour Market Policies for the Lower End

Marginal Employment, Unemployment Duration and Employment Stability: Evidence from a Multivariate Duration Model

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In this paper we analyze the influence of entering “marginal employment” on subsequent employment prospects of unemployed individuals. Marginal employment is defined as employment below an income threshold with reduced social security contributions. We use a large inflow sample of unemployed men in West Germany and estimate the duration of unemployment, the process of entering marginal employment, and the duration of regular employment simultaneously applying a multivariate duration model. Our results show that marginal employment on average increases the initial unemployment duration. Marginal employment is not a stepping stone for unemployed individuals for entering regular employment. However, once the unemployed have taken up a new job, previous marginal employment has no significant impact on the employment stability.

Keywords/JEL-Code: marginal employment, unemployment duration job search, employment stability multivariate duration models J64, C41, C33

Friday 11 September, 11:00 - 13:00

A05 - Labour Market Policies for the Lower End

Screening On The Job: Should Temporary Jobs Be Subsidized?

Julien Albertini, Xavier Fairise, Florent Fremigacci

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The difficulty to allocate the right workers to the right jobs is an important source of market frictions. With the expansion of atypical jobs in the mid-1980's, the idea that screening and flexibility could be complementary motivations arose. The purpose of this paper is threefold : (i) First, we investigate the screening effect of temporary jobs in terms of transitions to regular employment (ii) Then, we test alternative subsidy schemes and analyze which ones are efficient (iii) Finally, we approach the question empirically. We extend the framework of Pries and Rogerson (2005) to allow firms to hire workers on temporary jobs or in permanent jobs without screening. Screening takes the form of a learning process where both the employer and the employee infer the match quality during a temporary job. The probability a short-time contract become a permanent one is endogenous.

Keywords/JEL-Code: Temporary jobs Matching models Screening J68, J65, J23, H29

Friday 11 September, 11:00 - 13:00

A05 - Labour Market Policies for the Lower End

Effectiveness of One-Euro-Jobs: Do Programme Characteristics Matter?

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Recent labour market reforms in Germany introduced a workfare programme called One-Euro-Jobs with roughly 700.000 means-tested benefit recipients participating per year. Only key

features of One-Euro-Jobs are determined by the legislator: One-Euro-Jobs are additional and temporary jobs of public interest. In designing the programme leeway is left to regional actors to respond to regional and individual specifics. This paper investigates how this flexibility leads to effect heterogeneity to learn how One-Euro-Jobs can be designed to be more effective. Different types of One-Euro-Jobs according to planned duration and weekly working hours are compared using radius caliper matching. First, effects of different types of One-Euro-Jobs are estimated compared to non-participation ('waiting') and secondly, programme types are compared directly by pairwise matching to disentangle selection and programme effects. As expected lock-in effects increase with programme duration. In the medium term, longer programmes tend to perform better than shorter programmes in West Germany in terms of employment rates, while in East Germany this is not the case. Results indicate that, when investigating the role of programme features, we also have to consider the particular groups we are looking at and the general effects of programme participation for them: for men East Germany One-Euro-Jobs do not increase the employment chances two years after programme start and longer participations and higher levels of working hours seem to be even worse. In West Germany One-Euro-Jobs increase the employment chances and longer participations lead to slightly higher employment chances roughly two years after programme start. The pairwise comparisons confirm the results of the estimations compared to non-participation to a large extent, thus we do not find evidences for strong selectivity effects.

Keywords/JEL-Code: workfare pairwise matching evaluation of active labour market policy I38

Friday 11 September, 11:00 - 13:00
A06 - Labour Supply: Gender and Family 1

Female Labor Force Participation and the Big Five

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This paper investigates the relationship between personality traits and female labor force participation. While research on the role of cognitive skills for individual labor market success has a long tradition in economics, comparatively little is known about the channels through which non-cognitive skills affect individual labor market behavior. There is striking evidence that personality traits play a major role in explaining individual differences in school attendance and school performance, however, comparatively little is known about how and which personality traits effect labor supply decisions. In this paper, we relate personality traits to preference parameters using a conventional structural framework of labor force participation. This allows us to separate the direct effects of personality traits affecting the individual participation decision through different individual preferences from the indirect effects through wages. We can show that personality traits play an important role in the labor force participation decision. The channels through which personality traits effect labor force participation are manifold and depend on the specific trait. Aggregation of traits to a single index is therefore a suboptimal strategy.

Keywords/JEL-Code: personality traits female labor supply wages J22, J24, C35

Friday 11 September, 11:00 - 13:00
A06 - Labour Supply: Gender and Family 1

Analyzing Female Labor Supply - Evidence from a Dutch Tax Reform

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An important reform for the Dutch tax reform in 2001 was to induce women to increase their labor supply. In this paper we investigate to what extent married women respond to financial incentives. We exploit the exogenous variation caused by the tax reform as a natural experiment. Our main conclusion is that the tax reform increased labor force participation, but did not affect working hours. This suggests that women respond more to changes in tax allowances than to changes in marginal tax rates.

Keywords/JEL-Code: female labor supply taxes participation H2, J21, J22, J23

Friday 11 September, 11:00 - 13:00

A06 - Labour Supply: Gender and Family 1

Reducing the Excess Burden of Subsidizing the Stork: Joint Taxation, Individual Taxation, and Family Tax Splitting

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Analyzing a homogenous household setting with endogenous fertility and endogenous labor supply, we demonstrate that moving from joint taxation to individual taxation and adapting child benefits so as to keep fertility constant entails a Pareto improvement. The change is associated with an increase in labor supply and consumption and a reduction of the marginal income tax, while the child benefit may move in either direction. Similarly, a move from joint taxation to some scheme of family tax splitting increases labor supply and welfare.

Keywords/JEL-Code: Income Taxation, Fertility, Splitting, Labor Supply H21, H24, H31, J18, J22

Friday 11 September, 11:00 - 13:00

A06 - Labour Supply: Gender and Family 1

The Evolution of the Gender Pay Gap: Lessons from Track and Field Athletics

Arnaud Dupuy

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In the last 5 decades, the US gender pay ratio has followed a S-shape with a 18-year window of increase between 1973 and 1991. This paper shows that the gender world record marathon ratio exhibits a similar pattern with a 20-year window of increase between 1964 and 1984, a period marked by the authorization for women to participation at marathons. As participation of women increased, competition became tougher giving women participants incentives to invest more in training. I argue that as for Marathon running, the evolution of gender pay ratio is explained by the increased female participation, following WWII and the women's liberation movement of the 60s and 70s. As expected participation increases, women's investments in human capital increases leading to a decrease in the gender pay gap.

Keywords/JEL-Code: Gender Pay Gap Gender World Record Marathon Ratio Human capital J16, J7, N32

Friday 11 September, 11:00 - 13:00

A07 - Macroeconomics of Unemployment: Aggregate Evolution 1

Unemployment Dynamics and the Cost of Business Cycles

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In this paper, we investigate whether business cycles can imply sizable effects on average unemployment. First, using the reduced-form of the matching model, we show that job finding rate fluctuations generate intrinsically a non-linear effect on unemployment: positive shocks reduce unemployment less than negative shocks increase it. For the observed process of the job finding rate in the US economy, this intrinsic asymmetry is sufficient to generate substantial business cycle costs. This result also holds when we allow the job finding rate to be endogenous, provided the structural model is able to reproduce its volatility. Moreover, the matching model embeds other non-linearities, which alter the average job finding rate and consequently the business cycle cost.

Keywords/JEL-Code: Business cycles cost Matching model Unemployment dynamics E24; E32; J64

Friday 11 September, 11:00 - 13:00

A07 - Macroeconomics of Unemployment: Aggregate Evolution 1

Credit Constraints and the Persistence of Unemployment

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In this paper, we argue that credit market imperfections impact not only the level of unemployment, but also its persistence. For this purpose, we first develop a theoretical model based on the equilibrium matching framework of Mortensen and Pissarides (1999) and Pissarides (2000) where we introduce credit constraints. We show these credit constraints not only increase steady-state unemployment, but also slow-down the transitional dynamics. We then provide an empirical illustration based on a country-panel dataset of 19 OECD countries. Our preliminary results suggest that credit market imperfections would significantly increase the persistence of unemployment.

Keywords/JEL-Code: Credit markets; labor markets; unemployment; credit constraints; search frictions E24; E44; J08; J64

Friday 11 September, 11:00 - 13:00

A07 - Macroeconomics of Unemployment: Aggregate Evolution 1

Youth Unemployment, Labor Market Integration and Age-Targeted Labor Market Institutions

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Younger workers display higher unemployment rates that are mainly due to high frequency of entry to unemployment rather than lower employment prospects. This paper proposes a theoretical framework both to account for the specificity of youth labor markets observed in most European countries and to investigate the role of age-targeted labor market policies. We develop a traditional matching model à la Pissarides extended to incorporate the integration process of young workers. The basic idea borrows from learning models in spirit of Jovanovic (1979). Firms and workers have limited information about the match quality at the time of meeting. This information would be revealed stochastically only by engaging in production, in the manner of Pries and Rogerson (2005). As firms and workers have to sort bad matches, we show that the learning process is source of higher separations at the beginning of the working life. The model is calibrated above French data and performs well in reproducing labor market flows and unemployment by age-groups. Then, we argue that the institutions that characterized most

European countries, lower unemployment income and lower employment protection in the youth labor markets, improve employment prospects and increase worker turnover. The institutions allow firms to be less selective when hiring young workers. Employment is then composed by a higher proportion of bad matches.

Keywords/JEL-Code: Youth Unemployment Matching Learning J63, J23, J68

Friday 11 September, 11:00 - 13:00
A08 - Microeconomics of Unemployment 1

Job Seeker's Allowance in Great Britain: How Does the Regional Labour Market Affect the Duration Until Job Finding?

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Employing a large individual-level administrative dataset from Great Britain, covering the period 1999-2005, we analyse the factors influencing the length of unemployment benefits claimant periods with subsequent transition to re-employment. To this end, this individual-level data is merged with a group of regional indicators to control for relevant regional labour market characteristics. From a methodological point of view, we adopt a flexible censored quantile regression approach to estimating conditional re-employment hazards. Our results indicate that the individual characteristics of an unemployed person are generally more important than the regional labour market conditions. However, regional labour supply and demand conditions are important determinants for the length of unemployment compensation claim periods. Our analysis provides evidence that large cities such as London and Birmingham provide the worse local labour market conditions for job seekers allowance recipients, while remote regions like the Shetland islands perform among the best.

Keywords/JEL-Code: benefit duration quantile regression hazard rate 4; 15; 18

Friday 11 September, 11:00 - 13:00
A08 - Microeconomics of Unemployment 1

Welfare Stigma with Decreasing Employability

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We analyze the effects of income support on unemployment and welfare dynamics when stigma is attached to welfare provision. Stigma has been modeled in the literature as a cost of welfare participation; in this paper we analyze the effect of income support on unemployment and welfare dynamics by assuming that welfare stigma also leads to progressive loss of employability. Unemployment and welfare participation are studied under the cross-sectional and dynamic perspectives. While traditional models predict lower unemployment rates with welfare stigma, in our model unemployment rates follow a non-monotonic pattern: as a consequence, in addition to reducing take-up rates, welfare stigma may also contribute to increase unemployment.

Keywords/JEL-Code: stigma welfare dependence job-search models j64

Friday 11 September, 11:00 - 13:00
A08 - Microeconomics of Unemployment 1

Determinants of Lifetime Unemployment - A Micro Data Analysis with Censored Quantile Regressions

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Building on a large German administrative micro data set for the time span 1975-2004 we look at lifetime unemployment for selected West German cohorts. Descriptive evidence shows a highly uneven distribution of unemployment in West Germany - more than 60% of the individuals in our sample were not unemployed for a single day over the better part of their professional career while almost half of the total amount of unemployment fell upon 5% of the individuals covered. We employ censored quantile regressions to explain the total duration of unemployment spells for individuals. Explanatory variables are either characteristics of the individual (like education), of the job (like the wage) or of the employer (like the size of the firm) early in the professional career. A particular emphasis is placed on the importance of the occupation: we find that males working in a disadvantageous occupation at age 25 are ceteris paribus faced with a significantly higher amount of lifetime unemployment. Other factors connected to the amount of men's lifetime unemployment are educational attainment or the wage earned at age 25, amongst others. Some of these variables show very interesting patterns when looking at different quantiles. For women results are in general less clear-cut.

Keywords/JEL-Code: Lifetime unemployment Censored-Quantile Regressions Occupation-specific human capital J64

Friday 11 September, 11:00 - 13:00
A08 - Microeconomics of Unemployment 1

Coordination in the Labor Market

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We solve the equilibrium market structure in a labor market where agents participate either in an intermediated market where wages are determined by take-it-or-leave-it offers proposed by firms or workers, or in a directed search market where workers choose between vacancies based on wages posted by the latter. By using an intermediary agents avoid the coordination problem which prevails in the search market. The equilibrium market structure is non-monotone in the unemployment-vacancy ratio if the number of firms is fixed and non-monotone in entry cost in the case of free entry of firms.

Keywords/JEL-Code: intermediaries matching labor market J64, J41, D40

Friday 11 September, 11:00 - 13:00
A09 - Migration: Mechanisms of Migration 1

Does Racism Affect a Migrant's Choice of Destination?

Henry Ruby

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I explicitly introduce racial conflict and cultural attitudes on racial diversity as determinants of destination choice to test their continued relevance to African Americans. I construct several measures of racial intolerance towards African Americans using hate crime activity and the feelings of white Americans about race extracted from a national social attitudes survey. Recognizing that African American migration may actually spawn hate crimes against them, I use a control function method with assaults on white police officers and hate crimes against Jews as instruments to correct for potential endogeneity. The results show that the probability of African American migrants choosing a city is significantly reduced by the level of race-based crimes against them, by racially intolerant attitudes held by whites, and by poor evolution in

whites"feelings about racial diversity-- all regardless of the region in which a city is located. Whites"negative feelings about African Americans become a more powerful deterrent the more educated the African American migrant. African American migrants are also deterred by per capita hate crimes against them yet the degree of sensitivity depends on the migrant's region of origin.

Keywords/JEL-Code: Racial Violence, Discrimination, Migration Conditional Logit J15, J61, R23, C25

Friday 11 September, 11:00 - 13:00

A09 - Migration: Mechanisms of Migration 1

Undocumented Migrants and Labor Demand Shocks: An Empirical Analysis of Deportations

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Public opinion is generally concerned about undocumented migration, while employers may find in the undocumented migrants a valuable resource in terms of lower labor costs and higher responsiveness of labor supply. Governments may try to balance these conflicting interests by selectively enforcing their migration policies according to local labor demand evolutions. This paper provides the first empirical analysis of internal enforcement against undocumented migrants and it establishes for the first time a causal relationship between changes in labor demand and the intensity of government intervention. Using an unpublished panel dataset, we estimate the elasticity of deportations to changes in local labor demand in Italy. Two levels of geographical disaggregation and two different sets of instruments are used to validate our results. The estimates show a negative relationship between deportations and labour demand: a 1% increase (reduction) in local employment causes a 10-20% reduction (increase) in the number of deportations carried out in the area. The theoretical rationale and the implications of this empirical finding are investigated in a simple model of internal enforcement.

Keywords/JEL-Code: illegal migration enforcement local labor market F22, J61, K42

Friday 11 September, 11:00 - 13:00

A09 - Migration: Mechanisms of Migration 1

Return and Onward Migration of Highly Educated: Evidence from Residence Spells of Finnish Graduates

Mika Haapanen, Hannu Tervo

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In this paper we examine migration behaviour of young adults graduating from the Finnish universities in 1991-2003 from the point of view of residence duration. We distinguish those who study in their home region from the others. For the latter graduates, we analyse both onward and return migration. Discrete-time models of residence duration are specified that allow us to study how the propensities to move change over the course of the spell. Our findings indicate that two-year before and during the graduation year the hazard rates of migration are increasing, and decreasing gradually thereafter. This result is found not only for those who study at their home region but as well for those who are studying away and are contemplating return and onward migration.

Keywords/JEL-Code: return migration, onward migration higher education, residence duration discrete-time survival analysis J10, J61, I20, R23

Friday 11 September, 11:00 - 13:00
A09 - Migration: Mechanisms of Migration 1

The Effect of Birthright Citizenship on Parental Integration Outcomes

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In recent years the legal institution of citizenship has often emerged as a key issue in political and cultural debates over immigration, welfare programs, multiculturalism and nationalism. In this paper we study how a citizenship reform that introduces birthright citizenship for children born in Germany affects parental cultural integration, as measured by their propensity to speak in German, to read German newspapers and to have contacts with German born. Results show that the reform increase the probability that immigrants read German newspapers and spoke German, but it also increase the frequency of their contacts with German citizens.

Keywords/JEL-Code: citizenship migrant integration J15 J61

Friday 11 September, 11:00 - 13:00
A10 - Occupational Choice and Mobility 1

Who Becomes an Entrepreneur? Labor Market Prospects and Occupational Choice

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Why do some people become entrepreneurs (and others don't)? Why are firms so heterogeneous, and many firms so small? To start, the paper briefly documents evidence from the empirical literature that the relationship between entrepreneurship and education is U-shaped, that many entrepreneurs start a firm "out of necessity", that most firms are small, remain so, yet persist in the market, and that returns to entrepreneurship have a much larger cross-sectional variance than returns to wage work. Popular models of firm heterogeneity cannot easily account for the U-shape or for the persistence of low-productivity firms. The paper shows that these facts can be explained in a model of occupational choice between wage work and entrepreneurship where agents are heterogeneous in their ability as workers, and starting entrepreneurs face uncertainty about their project's productivity. Then, if agents' expected productivity as entrepreneurs is increasing and not too concave in their ability as workers, the most and the least able individuals choose to become entrepreneurs. This sorting is due to heterogeneous outside options in the labor market. Because of their low opportunity cost, low-ability agents benefit disproportionately from the ability to pursue only good business projects and abandon low-productivity ones. This also makes them more likely to immediately abandon a project for a new one. Data from the NLSY79 gives support to these two predictions. Individuals with relatively high or low wages when employed, or with a high or low degree, are more likely to be entrepreneurs or to become entrepreneurs, and spend more time in entrepreneurship. Among entrepreneurs, more of the firms run by individuals with low wages when employed, or with a low degree, are abandoned after only a year.

Keywords/JEL-Code: occupational choice entrepreneurship search E20, J23

Friday 11 September, 11:00 - 13:00
A10 - Occupational Choice and Mobility 1

Hiv/Aids in the Workplace: Impact on Firm-Efficiency and Firm-Competitiveness in the South African Manufacturing Sector

Gerhardus Van Zyl, Carol Lubisi

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The aim of the paper is to determine the extent of the negative impact of HIV/AIDS on firm-efficiency and firm-competitiveness in the South African manufacturing sector. It was deemed necessary to conduct the abovementioned research as very limited research has been published on the extent of the impact of HIV/AIDS on firm-efficiency and firm-competitiveness in South Africa. In terms of the research design a detailed survey questionnaire was designed in order to capture the extent of the impact of HIV/AIDS on all levels of firm-efficiency and firm-competitiveness. A detailed statistical analysis (by means of SPSS statistical package) of the survey questionnaire results indicates that the negative impacts of HIV/AIDS on firm-efficiency and firm-competitiveness are becoming more prevalent and serious. It is recommended that human resource managers (and owners) should implement and manage HIV/AIDS programs more effectively in order to counter the extent of the negative impacts on firm-efficiency and firm-competitiveness.

Keywords/JEL-Code: HIV/AIDS firm-efficiency labour productivity J24

Friday 11 September, 11:00 - 13:00

A10 - Occupational Choice and Mobility 1

Labor Market Regulations and Their Impact on Employer-Provided Training

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In this paper we investigate the relationship of labor market regulations and employer provided training. We compare the training behavior of firms in Germany and Switzerland - two countries that have a comparable apprenticeship system, yet differ strongly in the regulation of their respective labor markets. We make use of two representative firm-level surveys on the provision of apprenticeship training to analyze differences in the costs and benefits of training and the firm's training decision. Our results are in line with the predictions of economic theory and suggest that firms are more likely to make a substantial (short-term) net investment in apprenticeship training if there is a high degree of labor market regulation.

Keywords/JEL-Code: Labor market regulations Apprenticeship training Firm's training decision J24, J31, J44

Friday 11 September, 11:00 - 13:00

A10 - Occupational Choice and Mobility 1

Spillovers From Multinationals to Domestic Firms: An Empirical Analysis of the Profitability Effects of Labor Flows

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This paper uses linked employer-employee panel data to search for knowledge spillovers from multinationals to domestic firms. Explicit analysis of the profitability effects of labor flows between these firms indicates that hiring workers from foreign multinationals has a positive effect on both productivity and wages in local domestic firms. There is no net effect on profitability growth. More detailed analysis of the labor flows indicates that these effects are driven by hiring of relatively young workers. By contrast, separation of this group of relatively young employees from foreign MNEs leads to a negative profitability effect due to their higher than average influence on productivity and lower than average wages compared to staying workers in these firms. The results indicate that these workers are able to internalize the returns to productivity enhancing

knowledge when moving from foreign MNEs to domestic firms. A similar effect is observed for low tenured older workers who move from domestic multinationals to local domestic firms.
Keywords/JEL-Code: Labor mobility Multinational enterprises Knowledge spillovers J62, J24, F23, L25, D62

Friday 11 September, 11:00 - 13:00
A10 - Occupational Choice and Mobility 1

Correlating Social Mobility and Economic Outcomes

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The goal of this paper is to measure the correlation between intergenerational mobility and a series of significant macroeconomic variables such as growth, income, crime or the degree of inequality. Our knowledge of these correlations at the empirical level is in-existent as measurements of intergenerational mobility obtained from traditional methods (based on panel data) are scarce, difficult to compare across countries and almost impossible to get across time. For example, we do not know how intergenerational mobility (IM) correlates with income. This is, we do not know if it is larger in richer or in poorer countries. Similarly, we do not know how IM correlates with growth, independently of their level of income. We do not know how it correlates with crime, corruption, etc. These are obviously relevant questions for our understanding of how economies work as well as for the design of social policies. In this paper we apply a novel measure of IM, developed by Güell, Rodríguez Mora and Telmer (2007), to a very rich set of Italian data and we are able to produce comparable measures of IM at the province level (there are about 100 provinces in Italy). We then exploit the large and significant differences across Italian provinces to explore how IM correlates with in a large array of socio-economic variables. The measure of IM proposed by Güell, Rodríguez Mora and Telmer (2007) is based on the idea that surnames are informative about family links. Since the distribution of surnames is necessarily very skewed, with many relatively infrequent surnames, it can be exploited to extract longitudinal information from a cross section of data. Surnames are largely inherited from parents to children together with other characteristics that matter for the children's well-being (such as having a certain occupation or belonging to a certain socioeconomic group). Hence, the more surnames are informative about the outcomes of their holders, the more important the characteristics inherited along with surnames must be in determining such outcomes and the less mobility is there. Our main data consists of the complete Italian tax records for the year 2005, where we observe each and every person who submitted a tax form for personal income taxation in Italy, together with their names and surnames (recoded with numerical ids for anonymity), their taxable incomes and their province of residence (plus a few other characteristics). Furthermore, we combine these tax records with data the complete registries of lawyers and politicians, whose actual names and surnames are publicly available. We are thus able to compute our measure of IM based on different outcomes: not only income, but also the probability of begin a lawyer or a politician. We explore the correlation between our measures of IM and several socio-economic outcomes of the province: per-capita income, growth, employment and crime. Further, we also look at some occupation specific outcomes, like the efficiency of the legal system (measured as the average duration of trials) and of the political system (measured as the ability of the local administration to spend pre-allocated funds). Our preliminary results suggest that more social mobility is associated with more value added per capita, more exports, lower unemployment, more voters turnout and quicker trials.

Keywords/JEL-Code: surnames, mobility, inheritance, inequality J24, J44, J62

Friday 11 September, 11:00 - 13:00
A11 - Training and Firms

The East German Wage Structure after Transition

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We extend the literature on transition economies' wage structures by investigating the returns to tenure and experience. This study applies recent panel data and estimation approaches that control for hitherto neglected biases. We compare the life cycle structure in East and West German wages for fulltime employed men in the private sector. The patterns in the returns to seniority are similar for the two regional labor markets. The returns to experience lag behind in the East German labor market, even almost 20 years after unification. The results are robust when only individuals are considered who started their labor market career in the market economy and they hold across skill groups.

Keywords/JEL-Code: wage structure, life cycle earnings returns to tenure returns to experience J31, J24

Friday 11 September, 11:00 - 13:00
A11 - Training and Firms

Time - Even More Costly Than Money: Training Costs of Workers and Firms

Simone Tuor

University of Zurich, ZURICH, Switzerland

We empirically investigate the joint training decisions of workers and firms, focusing on training costs. The aim of our study is to learn how various cost components affect workers' training (non-)participation. In particular, we separately consider monetary and non-monetary training costs, which is possible thanks to an especially rich dataset that includes both participants and non-participants. Our estimation results show that workers whose firms cover some of their training costs would generally be more likely to bear the full training costs themselves had they not received employer support. Moreover, the share of self-financed training, as compared to employer-supported training, is generally low. Thus, firms moderate virtually all training decisions and, as a result, considerably influence (non-)participation patterns. Interestingly, although training non-participation can be attributed to both monetary and non-monetary costs, the latter seem to comprise the more binding restriction. That is, time is more costly than money.

Keywords/JEL-Code: training costs employer-supported training time vs. money J24

Friday 11 September, 11:00 - 13:00
A11 - Training and Firms

The Impact of Training on Productivity and Wages: Firm Level Evidence

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In recent years trade unions, employers and policy makers in developed economies emphasize the importance of skill upgrading of workers and lifelong learning in order to cope with increased pressures induced by technological change and globalization. The few empirical papers that relate productivity with a measure for training use only a cross-section and as such have difficulties to control for other unobservable firm-specific factors that are correlated with both training and productivity. We use an unusually rich panel data set of more than 170,000 Belgian firms active in the private sector that allows us to estimate the impact of training on both

productivity and wages. Thereby we control explicitly for the endogeneity of the training variable. We find strong and significant effects of training and the impact of training on productivity is larger than the impact on wages, consistent with recent theories that explain firm provided general training by imperfect competition in the labor market.

Keywords/JEL-Code: training firm-level panel data productivity estimation J24

Friday 11 September, 11:00 - 13:00

A11 - Training and Firms

The Effect of Financial Grants on Continuous Training Investments of Employers

Katja Goerlitz

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This paper evaluates the impact of a training voucher on establishments' investments in continuous training. The voucher was implemented in one of the states of Germany (North Rhine-Westphalia) to increase training participation of employees in small and medium sized establishments by reducing training costs. The estimation is based on a quasi-experimental research design exploiting variation across time, regions and establishment size. Using panel data of German establishments, I find that the fraction of establishments investing in training increased by 5 percentage points. Among those establishments providing training, there are only weak effects on training intensity and the educational structure of participants.

Keywords/JEL-Code: Continuous training training voucher J24, H25

Friday 11 September, 11:00 - 13:00

A12 - Wage Inequality 1

International Differences in Wage Inequality: A New Glance with European Matched Employer-Employee Data

Simon Hipolito

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Using unique international harmonized matched employer-employee microdata from the European Structure of Earnings Survey for nine representative European countries, this comparative study examines the origin of international differences in wage inequality. Our novel evidence uncovers that global wage inequality is highly correlated with the magnitude of inter-firm wage differentials and that workplace- and job-related factors generally have a more significant impact on within-country wage inequality than individual characteristics. On the whole, European countries exhibit considerably different wage structures: they differ significantly not only in the extent of wage inequality but also in the relative influence of factors shaping wage inequality. Comparative analyses reveal that although cross-country differences in labour force composition play a part in the explanation, differences in distribution and, very specially, in labour market prices of workplace and job characteristics are primary reasons contributing to international differences in wage inequality.

Keywords/JEL-Code: Wage inequality; matched employer-employee data J30, J31

Friday 11 September, 11:00 - 13:00

A12 - Wage Inequality 1

Earnings Inequality and Skill Mismatch in the U.S: 1973-2002

Fabian Slonimczyk

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This paper shows that skill mismatch is a significant source of inequality in real earnings in the U.S. and that a substantial fraction of the increase in wage dispersion during the period 1973-2002 was due to the increase in mismatch rates and mismatch premia. Standard human capital earnings regressions that do not decompose the education variable into required, surplus, and deficit years provide biased estimates of the relative importance of education in explaining earnings inequality. In 2000-2002 surplus and deficit qualifications taken together accounted for 4.3 and 4.6 percent of the variance in earnings, or around 15 percent of the total explained variance. The dramatic increase in over-education rates and premia accounts for around 11 and 32 percent of the increase in the coefficient of variation of log earnings during the 30 years under analysis for males and females respectively. Residual inequality is slightly diminished when the estimating equation allows the prices of surplus, required and deficit qualifications to differ but the well-studied increasing trend of within-group inequality remains otherwise unchanged. Changes in the composition of the labor force are found to be important predictors of increasing residual inequality even when skill mismatch is taken into account.

Keywords/JEL-Code: Skill Mismatch Earnings Inequality Relative Factor Inequality Weight J31

Friday 11 September, 11:00 - 13:00

A12 - Wage Inequality 1

Temporary/Permanent Workers Wage Gap: A Brand-New Form of Wage Inequality?

Leandro Elia

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By easing restrictions on the use of short-term contracts, the 30/2003 act represents contemporaneously the more extensive and the more radical policy aimed at introducing flexibility in the Italian labour market. By virtue of a Difference-in-differences estimator, the paper provides an estimate of the impact of the 30/2003 reform on the wage gap across fixed-term and long-term employees. It will be given evidence that the policy has widened the wage differential and the effect is particularly stronger to skilled workers compared to unskilled workers. These findings would suggest the existence of a possible brand-new form of wage inequality.

Keywords/JEL-Code: wage differentials; fixed-term jobs difference-in-differences propensity score matching C14; J31; J41; J42

Friday 11 September, 11:00 - 13:00

A12 - Wage Inequality 1

Changes in Earnings Inequality: An Industry Level Analysis

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This paper examines whether relatively above-average jobs are disappearing for workers with average or below-average skills. Consistent with our earlier work, we find large differences in the wage premia paid by firms in different industries. However, our initial analysis finds little evidence of either a hollowing out of the earnings distribution or of an overall decline in high-wage firms. We do find interesting results in terms of the effect of the sorting of high-wage workers and high-wage firms on the earnings distribution, and we will examine the results at a more detailed industry level in our subsequent research.

Keywords/JEL-Code: Inequality J31

Friday 11 September, 11:00 - 13:00

A12 - Wage Inequality 1

Ability Sorting, Biased Technology and Within Groups Wage Inequality

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This paper assesses the impact of inefficient self-selection into education on wage inequality within college graduates in the presence of ability-complementary technology. Using a signaling setting we argue that innate and schooling ability determine the educational choices in terms of both level and quality. In the presence of a wide array of university qualities, the heterogeneity of effort and competencies derived by attending different institutions, implies that the same years of education may give rise to different returns and signals. We build an empirical analysis on data of Italian graduates and we report some evidence on the impact of mismatch, ability and education quality on wages of graduates. Our policy indications stress the relevance of government programs directed toward individuals with high innate ability rendering more affordable the access to high quality universities.

Keywords/JEL-Code: Wage Inequality Signaling Equilibrium Ability Bias J24, J31, I20

Friday 11 September, 14:00 - 16:00

B01 - Discrimination and Gender 1

A Structural Model of Gender Wage Differentiation

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In this paper, we propose an assignment model where males and females compete for some heterogeneous job positions which differ by their wage. Females suffer from discrimination in their access to jobs. The level of discrimination for a job position depends on its rank in the wage distribution. The model predicts how discrimination is related to the numbers of males and females hired at each rank of the wage distribution. We use this relationship to estimate the gender difference in the probability of getting any given job position for executives aged between 40 and 45. This is done using an administrative dataset on wage bills which is exhaustive for all public and private firms. Our results show that the access to jobs of females decreases with the rank of the jobs in the wage distribution, which is consistent with an effect of glass ceiling. At the bottom of the wage distribution, the probability of females to get a job is 12% lower than the probability of males. The difference in probability is far larger at the top of the wage distribution and climbs to 50%.

Keywords/JEL-Code: gender discrimination wages, quantiles structural model J16, J31, J71

Friday 11 September, 14:00 - 16:00

B01 - Discrimination and Gender 1

Gender Pay Differences in the European Union: Do Higher Wages Make Up For Discrimination?

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²Rotterdam School of Management, ROTTERDAM, Netherlands

This paper explores the role of social interactions at the work floor for understanding gender pay differentials in the EU, using data from the European Working Conditions Survey. Sex similarity between subordinate and supervisor decreases the gender pay disadvantage for women in non-managerial occupations, though working for a female boss is associated with a lower wage. This may point at a discrimination-for-pay effect. Female workers can avoid part of the discrimination against them by working for a woman and accepting lower pay. And when they face stronger discrimination in the situation of a male supervisor, they are “bribed” by being offered a better salary. Different results are obtained for managerial workers, and for this group sex similarity between worker and superior actually puts women at a further disadvantage. We also inspect whether wage formation is influenced by the proportion of women in a sector, but find no empirical support for this so-called social bias theory. Our main message here is that the traditional human capital model tends to study the wage formation process for workers in isolation, while gender pay differentials seem to be at least to some extent a sociological phenomenon, stemming from social interactions on labor markets.

Keywords/JEL-Code: discrimination, European Union, social interaction J7, J16, J42

Friday 11 September, 14:00 - 16:00

B01 - Discrimination and Gender 1

Strategic Behavior across Gender. A Comparison of Female and Male Expert Chess Players

Christer Gerdes, Patrik Gränsmark

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In this paper we study expert chess players, making use of an extensive data base, containing detailed information on players in the top ranks of international chess. The main purpose here is to see if men and women differ in their choice of strategies. Especially, we distinguish between 'risk averse' and 'risk loving' strategies. One main result of our study is that females prefer less risky strategies than males when controlling for playing strength, age and nationality. Furthermore, when looking at games separately, we see that male chess players become less cautious (i.e. more aggressive) in their choice of opening strategy when competing against female players. This holds true even when men on objective grounds are inferior in playing strength to their female opponents. We also find that such aggressive strategy towards women reduces men's winning probability. Due to enduring differences even after the use of individual fixed effects and other covariates, we think that differences in preferences across gender are to some extent biologically determined. This puts a new light on the discussion about why women are underrepresented in several areas of social life.

Keywords/JEL-Code: risk aversion culture biology J16, J70, J71, D03

Friday 11 September, 14:00 - 16:00

B01 - Discrimination and Gender 1

Does Discrimination Explain Occupational Segregation by Sex? Evidence from Local Gender Imbalances in Post-Unification Germany

Melanie Arntz, Holger Bonin, Felix Hoerisch

ZEW, MANNHEIM, Germany

The paper contributes to the discussion whether demand or supply for labour drives occupational segregation by sex. It exploits a demographic phenomenon unique among industrialized nations: massive imbalance in local sex ratios developing through female-dominated regional migration flows in post-unification Germany. Estimates are on the basis of administrative panel data and control for unobserved heterogeneity both at the individual and regional level. The evidence suggests that when men become relatively scarce, the probability of women to access to male-

dominated occupations becomes larger. Thus there appears to be a demographic window of opportunity for women, which is consistent with demand theories of occupational segregation. Our hypothesis is that if firms face a relative shortage of men, they find it increasingly difficult to discriminate against women.

Keywords/JEL-Code: Occupational Segregation Gender Ratio Regional Labor Markets J71, J16, R23

Friday 11 September, 14:00 - 16:00

B02 - Education and Intergenerational Mobility

The Sorting Value of Education: Is it Different for Ethnic and Native Germans?

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This paper analyses the effects of education signals for Ethnic Germans and Germans without a migration background ("Native Germans"). We base our analysis on a sorting model with productivity-enhancing effects of education. We compare whether the signalling value differs between a distinct group of migrants and non-migrants in the German labour market. Starting from the theoretical result that only a separating equilibrium can exist, in our econometric analysis we find substantial differences between Ethnic and Native Germans with the same education level. This empirical analysis is done with a new and rich dataset from the German Federal Employment Agency.

Keywords/JEL-Code: sorting theory, human-capital theory returns to education, migration J24, J31, F22

Friday 11 September, 14:00 - 16:00

B02 - Education and Intergenerational Mobility

Can Targeted Funding Improve Test Scores Of Low-Achieving Minority Students? Evidence for Aboriginal Students in British Columbia

Michele Battisti, Jane Friesen, Brian Krauth

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Approximately 9% of school-age children in the Canadian province of British Columbia (B.C.) claim Aboriginal identity, and the achievement gap between Aboriginal and non-Aboriginal students is comparable to the black-white achievement gap in the United States. We investigate the effects of supplemental funding provided to school districts for low-achieving Aboriginal students under the province's Standard English as a Second Dialect (SESD) policy. B.C. offers an excellent environment for identifying the effects of supplemental funding, because the province provides all funding under a clearly defined formula. We estimate the effect of supplemental funding on value-added standardized test scores between Grades 4 and 7 and on high school dropout decisions. Our data cover multiple cohorts of students from 1999 through 2007. Although the assignment of a student to an SESD program within a district that uses SESD funds is clearly non-random, the timing of districts' decisions to take-up SESD funding is not systematically related to changes in students' characteristics. We instrument for a student's own SESD status using the proportion of Aboriginal students from different cohorts that are assigned to SESD funding in the same district/year. Our models also include district and year effects. Preliminary results indicate large positive effects on value-added test scores.

Keywords/JEL-Code: Education funding, literacy I21

Friday 11 September, 14:00 - 16:00
B02 - Education and Intergenerational Mobility

Immigration and Students' Achievement in Spain: Evidence from PISA

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In this paper we assess the differences between immigrant and native pupils' educational performance in Spain using data from the Programme for International Student Assessment (PISA). We find that immigrant pupils perform substantially worse than native pupils in all domains analyzed by PISA. At least half of this gap can be attributed to the differences in observable parental socio-economic characteristics. Only 4 to 10 percent of the gap can be explained by schools' fixed effects, which capture mainly the existence of differences in the average parental education of peers across schools. Immigrants tend to perform relatively worse in those geographical areas where segregation is higher. Finally, we observe that immigrants' performance tends to improve the longer they stay in Spain.

Keywords/JEL-Code: Immigrant student achievement, segregation, PISA I20, J15

Friday 11 September, 14:00 - 16:00
B03 - Education and School System 1

Private School Quality: A Cross Country Comparison

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Private school enrollment may lead to worse subsequent performance in further education or in the labour market. If students differ in their ability not only to pay but to take advantage of educational opportunities ("talent" for short), private schools attract a worse pool of students when publicly funded schools are better suited to foster progress by more talented students. We derive a simple model of how students, who are heterogeneous along their ability dimension and their capacity to finance private expensive education, self-sort in public and private schools. Empirically we find that the sorting process in public and private schools is heterogeneous across countries. Two patterns emerge: one in which the private sector enrolls high ability individuals as in Anglo-Saxon countries and one in which it caters to low ability types, as in Italy and Japan

Keywords/JEL-Code: private school I2

Friday 11 September, 14:00 - 16:00
B03 - Education and School System 1

Early Tracking and the Misfortune of Being Young

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In the Austrian (as well as the German) education system students have to choose between different school tracks after grade 4, i.e. at the age of 10. We argue that early tracking creates inefficiencies, because the earlier the track choice has to be made, the more it is influenced by factors other than innate ability. \citet{bedard06} show for a number of OECD countries that relatively younger students perform worse than their older peers in grades 4 and 8. Assuming that track choice is influenced by prior achievement, age-related achievement differences translate into age-related differences in track choice. In this paper we estimate the effect of

observed age on track choice after 4th grade using register data for a major Austrian city for the period 1984-2006. Since observed age at track choice is endogenous due to late and early enrollment as well as grade repetition, we exploit the exogenous variation in birth month to identify the causal effect of age. We find a strong and significant positive effect of age on track choice in grades 5--8. Since after grade 8, students again have to make a track choice, we use additional data from PISA 2000 and 2003 to show that the effect does not disappear.

Keywords/JEL-Code: early tracking school choice relative age I21, I28

Friday 11 September, 14:00 - 16:00
B03 - Education and School System 1

Do Achievement Labels Affect the Well-Being Of Children? Evidence from Discontinuities in Test Scores

Marcello Sartarelli

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A sharp increase in interest in the role of education in shaping individuals' well-being or civic behaviour by policy makers has so far only relied on mixed evidence. Then in this paper I estimate the effect of using achievement labels in school tests, e.g. bad, fair, good, very good, on a measure of well-being given by the event of a police contact or visit to parents due to the behaviour of children in UK secondary schools. Firstly I illustrate using a reduced form returns to education model the potential spurious correlation that arises from unobservables affecting both achievement and well-being. Then I give causal interpretation to the estimates by employing a research design that exploits discontinuities in test scores. I find that a jump from a low to a high achievement level decreases the probability of a police contact by 4 percentage points. Under the identifying assumptions OLS estimates are upward biased. This suggests that the mechanism through which schools contribute to teaching core subjects such as Maths as well as norms helping children to lead a healthy and safe life needs additional scrutiny by policy makers.

Keywords/JEL-Code: well-being, civic outcomes, education returns to education, motivation regression discontinuity C21, I20, I21

Friday 11 September, 14:00 - 16:00
B03 - Education and School System 1

Is Traditional Teaching Really All That Bad? A within-Student Between-Subject Approach

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Recent studies conclude that teachers are important for student achievement but it remains uncertain what makes a good teacher. While most studies focus on observable and unobservable teacher characteristics, we investigate the relationship between teaching practices and student achievement. Based on matched student-teacher data for the United States we contrast lecture style teaching with teaching based on problem solving. Estimating a reduced form education production function and exploiting between-subject-variation to control for unobserved student traits, we find that teaching practices matter for student achievement. The results indicate that more traditional lecture style teaching is associated with significantly higher student achievement.

Keywords/JEL-Code: Teaching practices TIMSS between subject variation I21, C21

Friday 11 September, 14:00 - 16:00
B03 - Education and School System 1

Do Teachers Matter? Measuring the Variation in Teacher Effectiveness in England

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²HM Treasury, LONDON, United Kingdom

Using a unique primary dataset for the UK, we estimate the effect of individual teachers on student outcomes, and the variability in teacher quality. This links over 7000 pupils to the individual teachers who taught them, in each of their compulsory subjects in the high-stakes exams at age 16. We use point-in-time fixed effects and prior attainment to control for pupil heterogeneity. We find considerable variability in teacher effectiveness, a little higher than the estimates found in the few US studies. We also corroborate recent findings that observed teachers' characteristics explain very little of the differences in estimated effectiveness.

Keywords/JEL-Code: education test scores teacher effectiveness I20

Friday 11 September, 14:00 - 16:00
B04 - Health and Job Satisfaction 1

The Effect of Compulsory Schooling on Health - Evidence from Biomarkers

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Using data from the Health Survey for England, we estimate the causal effect of schooling on health. Identification comes from two nation wide increases in British compulsory school leaving age in 1947 and 1973, respectively. Our study complements earlier studies exploiting compulsory schooling laws as source of exogenous variation in schooling by using biomarkers as measures of health outcomes in addition to self-reported measures. We find a strong positive correlation between education and health, both self-rated and measured by blood fibrinogen and C-reactive protein levels. However, we find significant causal effects of schooling only for self-rated health. Effects on biomarker levels are ambiguous and insignificant.

Keywords/JEL-Code: Compulsory schooling Biomarkers Regression discontinuity I12

Friday 11 September, 14:00 - 16:00
B04 - Health and Job Satisfaction 1

Starve The Doctor - Starve the Baby? - Incentivising Physicians Improve Quality of Prenatal Care

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The relationship between physician payment and practice is studied extensively; however, a gap remains in our understanding of the effects of various payment schemes on the ultimate outcome-patients' health. I exploit a unique combination of policy generated variation and administrative re-cords in Denmark to estimate the effect of remuneration on prenatal care. In 1987 General Practitioners (GPs) in Copenhagen were moved from pure capitation to mixed capitation and fee-for-service (FFS) contracts consistent with the existing remuneration in other areas of Denmark. Using a difference-in-differences model I find infants born under capitation to have lower health outcomes with respect to birth weight, preterm birth, fetal growth, APGAR scores, and the probability of surviving first birthday. Heterogeneity in returns to capitation contracts is also found with strongest effects for young mothers.

Keywords/JEL-Code: Physician Induced Demand Payment Reform Child Development I18, J13

Friday 11 September, 14:00 - 16:00
B04 - Health and Job Satisfaction 1

Co-Pay and Feel Okay: Evidence of Illusory Health Gains from A Health Insurance Reform

Alfredo Paloyo

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The reliability of general self-rated health status is examined using the reform of the public health insurance system of Germany in 2004 as a source of exogenous variation. Due to the structure of the German health insurance system, a treatment group and a control group are identified. This natural experiment allows identification of the causal impact of the program on self-assessed health and hence reveals the sensitivity of this subjective measure to a perturbation in the insurance system. Using data from the German Socio-Economic Panel, the results indicate that after the policy intervention, the respondents perceived their own health status as better even when there is no discernible impact on actual health.

Keywords/JEL-Code: natural experiment difference in differences self-rated health status G22, H43, I18

Friday 11 September, 14:00 - 16:00
B04 - Health and Job Satisfaction 1

Did the US Infertility Insurance Mandates Affect the Time to Birth?

Asako Ohinata

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Several US states between 1977-1995 mandated health insurance providers to offer coverage for infertility treatment. Although the majority of past literature studies impacts on older women who are likely to seek treatment, this paper proposes that the mandates may have had a wider impact on the US population. Specifically, it may have given an option for younger women to delay birth and thus advance in their careers first. Results estimated by the discrete-time proportional hazard model suggests a significant delay in the time to first birth among highly educated women as well as those working in medium sized firms.

Keywords/JEL-Code: Infertility Insurance mandates Fertility I18; J13; J18

Friday 11 September, 14:00 - 16:00
B04 - Health and Job Satisfaction 1

Early Retirement in the Day-Care Sector: The Role of Work Conditions and Health

Mette Gørtz, Elvira Andersson

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This paper investigates possible determinants of teacher absenteeism due to sickness in Danish day-care institutions. We differentiate between characteristics at the individual (teacher) level and characteristics at the workplace level which may potentially determine absenteeism. In particular, it is investigated whether work pressure measured by the child-to-teacher ratio, i.e. the number of children per teacher in an institution, affects the risk of becoming long-term ill. Furthermore, we investigate the role of other characteristics at the workplace level as e.g. sickness of colleagues, the size of the institution, the proportion of the staff who are trained pre-school teachers, family background characteristics of the children in the pre-school etc. We control for individual teacher characteristics as e.g. education, family background, and past employment history. The empirical analysis builds on a unique data set with information from Danish administrative registers about workplace characteristics and individual characteristics, sickness absenteeism, medical records, employment history and background characteristics for

the main part of the employees as well as children in day-care institutions and pre-schools in a panel for the period 2000-2006. Sickness absenteeism is reflected in two measures. First, we have information about long-term sickness (sickness spells longer than two weeks) for 2000-2006. Secondly, we benefit from a new dataset for 2005-2006 on total days of illness. The period for this data is. The paper consists of two parts. In the first part, we analyze the risk of becoming long-term ill as a function of observables at the individual level, the school/institutional level and the municipality level. Furthermore, we analyze whether the duration of a sickness period is affected by the child-to-teacher ratio for the subgroup of the staff that has entered a long-term sickness period. In general, we find that only little of the variation in absence due to illness can be explained by observables at either level. The second part of the paper tries to take unobserved factors into account at both the individual level, the workplace level, and the municipality level by employing the methodology developed in labour economics for analysing employer-employee linked data.

Keywords/JEL-Code: sickness absenteeism working conditions health I18, J28

Friday 11 September, 14:00 - 16:00
B05 - Labour Demand and Firms

Technological Progress, Organizational Change and the Size of the Human Resources Department

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Innovative workplace practices based on multi-tasking and ICT that have been diffusing in most OECD countries since the 1990s have strong consequences on working conditions. Available data show together with the emergence of new organizational forms like multi-tasking, the increase in the proportion of workers employed in managerial occupation and the increase in skill requirements. This paper proposes a theoretical model to analyze the optimal number of tasks per worker when switching to multi-tasking raises coordination costs between workers and between tasks. Firms can reduce coordination costs by assigning more workers to human resources management. Human capital is endogenously accumulated by workers. The model reproduces pretty well the regularities observed in the data. In particular, exogenous technological accelerations tend to increase both the number of tasks performed and the skill requirements, and to raise the fraction of workers devoted to management.

Keywords/JEL-Code: Organizational Change Human Capital Multi-Tasking J22, J24, L23, O33, C62

Friday 11 September, 14:00 - 16:00
B05 - Labour Demand and Firms

Hiring Costs and the Firm's Supply of Training

Samuel Mühlemann, Mark Blatter, Samuel Schenker
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This paper analyzes the effects of hiring costs for skilled workers on the firm's supply of training. Increasing marginal hiring costs make it increasingly expensive for firms to hire skilled workers on the external labor market. However, internal training can be an alternative to recruiting skilled workers externally. Firms may find it profitable to invest in costly training in order to reduce hiring costs. Our empirical results provide evidence that the firm's supply of training in fact depends on the firm's level of hiring costs.

Keywords/JEL-Code: Hiring costs Supply of training Monopsony J23, J24, J32, J42

Friday 11 September, 14:00 - 16:00
B05 - Labour Demand and Firms

Inside the Black Box of Informal Recruitment: Buy Your Network!

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During the last decade, social networks have played an important role in recruitment practices and have become accessible to any Internet user through networking sites such as Facebook, LinkedIn or Jobster. This paper investigates whether such online networks undermine the role of the preexisting offline ones. We analyze their impact on the informal recruitment strategies of employers. We assume that each employer has a more or less efficient personal network. If the employer has a significant number of contacts to rely on and is able to use them to recruit, he will fill vacancies rapidly. Otherwise, we show how employers can 'buy' social networks by choosing to recruit either through alumni or virtual networks which are only accessible through membership. These two latter networks are respectively sustained by alumni associations and job referral websites. In our model, the competition among these two providers of networks leads to improve global welfare if the virtual network undermines only the role of the personal network.
Keywords/JEL-Code: recruitment job networks referrals D21; J23; L14

Friday 11 September, 14:00 - 16:00
B05 - Labour Demand and Firms

International Trade and Worker Turnover: Empirical Evidence for Germany

Daniel Baumgarten
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Using a linked employer-employee dataset for Germany that follows both, establishments and individual workers over time, this paper studies how worker turnover is related to establishments' international trade involvement, in particular through the import of intermediate inputs and through exporting. It moreover examines whether occupations characterized by different skill levels or by different task contents are affected differently in this respect. Trading establishments experience a significantly smaller decline in employment than non-trading establishments, which is mainly due to a much smaller separation rate. This result however can to a large extent be explained by unobservable establishment characteristics.

Keywords/JEL-Code: Worker turnover; Job turnover International trade Linked employer-employee data F16, J21, J23, J63

Friday 11 September, 14:00 - 16:00
B05 - Labour Demand and Firms

Identifying Adjustment Costs of Net and Gross Employment Changes

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²University of Essex, COLCHESTER, United Kingdom

A relatively unexplored question in dynamic labour demand regards the source of adjustment costs, whether they depend on net or gross changes in employment. We estimate a structural model of dynamic labour demand where the firm faces adjustment costs related to gross and net changes in its workforce. We focus on matching quarterly moments of hiring and of net changes

in employment from a panel of establishments. The main component of adjustment costs in our panel is quadratic adjustment costs to gross changes in employment. We also estimate that adjustment costs have a large economic cost, roughly cutting the value of our establishments in half.

Keywords/JEL-Code: Employment adjustment costs establishment level C33, C41, E24, J23

Friday 11 September, 14:00 - 16:00
B06 - Labour Market Policies 1

Relaxed Dismissal Protection: Effects on the Hiring and Firing Behaviour of Small Firms

Stefan Bauernschuster

Friedrich Schiller University Jena, JENA, Germany

Small firms are seen as important drivers of dynamics and innovation. They need to be particularly flexible and be able to react quickly to new challenges. This paper uses the latest change in dismissal protection legislation in Germany as a natural experiment and tries to find causal effects on the hiring and firing behaviour of small firms. Using a difference-in-differences approach, I find only small but positive effects on the total number of hirings. However, there are substantial substitution effects from temporary contract hirings to permanent contract hirings. The results remain robust when using count data models and applying fixed effects specifications.

Keywords/JEL-Code: Employment Protection Small Business Difference-in-Differences J38, K31, M21

Friday 11 September, 14:00 - 16:00
B06 - Labour Market Policies 1

Employment Protection Legislation: A Cross-Country Analysis Focusing on the Elderly

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In this paper we investigate the relationship between the strictness of employment protection legislation (EPL) and several labor market outcomes. We use panel data from 28 OECD countries covering the period 1988-2005 and we focus on the impact of EPL on the labor market outcomes of older workers. Since the elderly are largely protected against dismissal, as employment protection is related to job tenure and in some cases to age, we have constructed an age-specific EPL indicator. Overall, our results confirm the findings in the relevant literature. More specifically, based on random effects estimates our results indicate that strict EPL is negatively related to the participation rate and employment as well as to the inflow into unemployment while it is positively related to unemployment duration and long-term unemployment. Furthermore, these effects have been found to exert a higher impact on the elderly, in particular on elderly women.

Keywords/JEL-Code: EPL, Elderly Workers J14, J18, E02

Friday 11 September, 14:00 - 16:00
B06 - Labour Market Policies 1

The Impact of Employment Flexibility on UK Unemployment

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This paper explores the impact that the levels and types of employment flexibility have on regional unemployment, both directly and by conditioning the unemployment effects of some key macroeconomic variables. The paper draws on Keynesian and monetarist explanations of unemployment and relies on a novel set of flexibility indicators to examine their impact on regional unemployment, unemployment persistence, and adjustment to economic shocks. The results provide useful insights into the explored relationships and highlight the areas and conditions under which employment flexibility helps achieve favourable employment outcomes. The implications of the findings are discussed in the concluding section.

Keywords/JEL-Code: employment flexibility regional unemployment unemployment persistence E12, E24, J64, R11, R38

Friday 11 September, 14:00 - 16:00

B07 - Microeconomics of Unemployment: Search

Have Labour Market Reforms at the Turn of the Millennium Changed Job Durations of the New Entrants? A Comparative study for Germany and Italy

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It is often claimed that the labour market reforms of employment protection legislation of the 90's implemented in some European countries have generated a trade-off between job opportunities and job security. However, evidence emerging from the rich economic literature on this topic is rather mixed. This paper aims at contributing to this stream of research. The policy relevance of the research concerns the issue of the link between employment protection and the use of flexible forms of working and its effects on the process of achieving tenure. We use administrative longitudinal data and apply survival analysis to determine the effects of the reforms on job duration and employment stability of new entrants. Germany and Italy are taken as representative examples of smooth and radical reforms, respectively. We estimate piecewise constant job and employment duration models. The results show that a change in the durations of first jobs and first employment spells can be observed in correspondence of labour market reforms that increase employment flexibility. Under our hypotheses, first job duration decreases and employment duration increases when there is a trade-off between flexibility and job opportunities. In fact, this seems to have occurred to some extent in Germany, where changes in legislation have been undertaken continuously. In Italy, the decrease in both first job and employment duration seems to indicate that the trade-off has not emerged, thus suggesting that too radical, once for all changes from too much rigidity to too much flexibility might not yield the expected outcomes.

Keywords/JEL-Code: labour market reforms, employment duration work career, tenure, precarious jobs J62, J64, J68, K31, C41

Friday 11 September, 14:00 - 16:00

B07 - Microeconomics of Unemployment: Search

Job Search and Noncognitive Skills

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This paper focuses on the role of noncognitive skills on the success of unemployed workers finding a job. We argue that a worker's job search intensity not only relies on the conventional determinants discussed in the job search literature but is decisively driven by her noncognitive

skills which reflected in her propensity to motivate and control herself while searching for a job. Moreover, personality traits as far as they can be signaled to a potential employer may also enhance the probability of receiving and accepting a job offer. For our econometric duration analysis we use the well-accepted taxonomy "Big Five" for classifying personality traits. Based on individual unemployment data taken from the German Socio-Economic Panel (GSOEP) our empirical findings reveal that the personality traits Conscientiousness, and Neuroticism have a strong impact on the probability of finding a job, while we do not find any significant effects of the personality traits Extraversion and Agreeableness on the duration of unemployment. The personality trait Openness happens to be once significant for one non-german unemployed worker.

Keywords/JEL-Code: Unemployment Duration Duration Analysis Noncognitive Skills J64, C41

Friday 11 September, 14:00 - 16:00

B07 - Microeconomics of Unemployment: Search

Why Are Disabled Individuals Not Working in Spain? A Job Search Approach

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This paper tackles one of the most important issues regarding disability policies in Spain as recognized by the OECD, which is the particularly low employment rate of disabled individuals with respect to other developed economies. The aim of the research is to understand the incentives and disincentives to work provided by the disability scheme in Spain with special attention to the role played by the different degrees of disability pensions in the system which, in turn, entail different working restrictions and pension amounts. The interplay between these types of pensions as well as individual characteristics, labor market and economic conditions prove to be key determinants on individual's labor market decisions. Furthermore, as the evaluation and revision process takes place at the provincial level, we also explore the heterogeneous behavior between provinces with regards to disability decisions. The final goal is to draw some conclusions on the type of policy initiatives that could be more effective in promoting employment among disabled individuals. We proceed in two steps. In the first step we design a job search model to understand the incentive structure that affects the labor market behavior of disabled individuals whereas in the second step we estimate a competing risk model in order to test the intuitions obtained from the job search model. We make use of a recently released administrative database from the Spanish Social Security administration from which we can extract disability and employment spells of everybody who joined the Spanish disability scheme between 1996 and 2007.

Keywords/JEL-Code: Disability Benefits, Work Incentives Duration Data Disability, Work Incentives, Duration Analysis Competing risk models J14, J64, H55

Friday 11 September, 14:00 - 16:00

B07 - Microeconomics of Unemployment: Search

Locus of Control and Job Search Strategies

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Standard job search theory assumes that unemployed individuals have perfect information about the effect of their search effort on the job offer arrival rate. In this paper, we present an alternative model which assumes instead that each individual has a subjective belief about the impact of his or her search effort on the rate at which job offers arrive. These beliefs depend in part on an individual's locus of control, i.e., the extent to which a person believes that his or her

own actions determine future outcomes. We estimate the impact of locus of control on job search behavior using a novel panel data set of newly-unemployed individuals in Germany. Consistent with our theoretical predictions, we find that that individuals with an internal locus of control have higher reservation wages and search more intensively than individuals with an external locus of control.

Keywords/JEL-Code: job search behavior locus of control reservation wage J64

Friday 11 September, 14:00 - 16:00

B08 - Migration: Immigrant Accomplishments in Host Country

Citizenship, Language Proficiency and Labour Market Position: Turkish Immigrants in Germany and the Netherlands

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The relation between the citizenship, language proficiency and labour market position is complex as besides a causal impact from citizenship towards the other variables, several selection mechanisms may cause particular immigrants to choose for naturalisation. On the basis of the German Socio-Economic Panel 2002 and the Dutch Social Position and Use of Provision Survey 2002, we investigate the empirical relation between the variables. For the Netherlands we find a positive relation between naturalisation, language proficiency and labour market position, while for Germany we find mixed results. In particular, the relation between citizenship and tenured employment hint at a negative selection effect for Germany. The difference in the results for Germany and the Netherlands may be explained by differences in immigration rules. In Germany economic self-reliance is more important than in the Netherlands, and this may lead to a stronger incentive to naturalise for workers with a temporary contract.

Keywords/JEL-Code: Naturalization Language proficiency Labour Market J15, J61

Friday 11 September, 14:00 - 16:00

B08 - Migration: Immigrant Accomplishments in Host Country

An Analysis of Labor Market Attainment in Sweden Among Its Post-War Immigrants from Estonia, Latvia, Lithuania and Poland

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In this study the 2004 labor market attainment of all immigrants of working age from Estonia, Latvia, Lithuania and Poland on the Swedish labor market is investigated. The analysis is conducted in three steps. Step one investigates labor force participation at the time of observation by estimating the probability of being part of the labor force in 2004. In step two we estimate the probability of employment among those included in the labor force. In the third step we analyze the earnings of those employed while controlling for both types of selection. The data is a special delivery from Statistics Sweden and comprise all immigrants to Sweden from these countries from 1944 onwards. Comparisons are made with a stratified (on age and gender) random sample of persons born in Sweden. The results show that immigrants are less likely to be part of the labor force; that they are overrepresented among the unemployed and that the positive effects from higher education is less than for native Swedes. However, among those being employed the income differences are relatively minor.

Keywords/JEL-Code: Income differences quantile Baltic J21,J23,J31, J61

Friday 11 September, 14:00 - 16:00

B08 - Migration: Immigrant Accomplishments in Host Country

Labor Market Outcomes of Immigrants and Non-Citizens in the EU: An East-West Comparison

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This paper analyses the roles of foreign origin and citizenship in the labor markets of eastern and western member states of the EU. We use the EU Survey of Income and Living Conditions to evaluate the roles of foreign origin and citizenship on employment and earnings. We then measure the native/non-native labor market divide using standard decomposition techniques. Our results indicate that while it is predominantly foreign origin that is of key importance in the western EU member states, both foreign origin and citizenship matter in the eastern EU member states, their roles depending on gender. Moreover, our evidence suggests that the effects of citizenship in the EU8 may be driven by the (predominantly ethnic Russian) non-citizens in Estonia and Latvia.

Keywords/JEL-Code: immigrant performance, citizenship, Eastern Europe F22, J15, J61, J71

Friday 11 September, 14:00 - 16:00

B09 - Occupational Choice and Mobility, Professional Labour Markets

Fixed-term Contracts, Incentives and Effort

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This paper focuses on labor market transitions and especially on those involving fixed-term contracts. Our contribution is twofold: first, we provide an accurate measure of labor market transitions; second, we analyze the potential incentive effect of fixed-term contracts on "effort". To deal with unobserved heterogeneity, we use a dynamic multinomial logit with fixed effects, following the method proposed by Magnac (2000). We construct an indicator of effort for fixed-term workers based on a "compared" weekly working time. Using French data, we find that a fixed-term contract provides significantly better perspectives than unemployment, but no evidence of any significant impact of exerting more effort on the probability of getting an open-ended contract.

Keywords/JEL-Code: Fixed-term contracts, transitions Incentives, effort J60, J24, J41

Friday 11 September, 14:00 - 16:00

B09 - Occupational Choice and Mobility, Professional Labour Markets

Outside Income and Moral Hazard: The Elusive Quest for Good Politicians

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In most modern democracies elected officials can work in the private sector while appointed in parliament. We show that when the political and market sectors are not mutually exclusive, a trade-off arises between the quality of elected officials and the effort they exert in political life. If high-ability citizens can keep earning money outside of parliament, they will be more likely to run for election; for the same reason, they will also be more likely to shirk once elected. These

predictions are confronted with a unique dataset about members of the Italian Parliament from 1996 to 2006. The empirical evidence shows that bad but dedicated politicians come along with good but not fully committed politicians. There is in fact a non-negligible fraction of citizens with remarkably high pre-election income who are appointed in parliament. These citizens are those who gain relatively more from being elected in terms of outside income. Conversely, they are less committed to the parliamentary activity in many respects, like voting attendance and bills sponsorship. Our findings could be generalized to other public offices, not necessarily elective, like judges, academics, and physicians, where high-skilled individuals can take advantage of the public service to advertise their private practices.

Keywords/JEL-Code: moral hazard and adverse selection outside income moonlighting D72, J45, P16

Friday 11 September, 14:00 - 16:00

B09 - Occupational Choice and Mobility, Professional Labour Markets

What Makes a Good Conference? Analysing the Preferences of Labour Economists

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Conferences are an important element in the work of researchers, requiring substantial investments in fees, travel expenses and the time spent by the participants. The aim of this paper is to identify the preferences of participants with respect to the characteristics of a conference. Based on a representative sample of European labour economists who were member of the EALE in the past 5 years, we measured these preferences using the vignette approach. Participants were asked to choose six times between two alternative hypothetical EALE conferences. We find that - among the attributes that we varied - the keynote speakers are the most important element in the preference for conference. The location of the conference is the second most important element. Nice locations are in general preferred to easy to reach places. There is a substantial variation in the taste of labour economists, although the link between preferences parameters and measured characteristics like gender, age and seniority are limited. Factor analysis suggests that the variety in preferences can be best described by a latent variable that reflects the weights people put on content versus fun.

Keywords/JEL-Code: conference participation vignette-method A11, J44

Friday 11 September, 14:00 - 16:00

B09 - Occupational Choice and Mobility, Professional Labour Markets

Comparing the Early Research Performance of PhD Graduates in Labor Economics in Europe and the USA

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This paper analyzes the early research performance of PhD graduates in labor economics, addressing the following questions: Are there major productivity differences between graduates from American and European institutions? If so, how relevant is the quality of the training received (i.e. ranking of institution and supervisor) and the research environment in the subsequent job placement institution? The population under study consists of labor economics PhD graduates who received their degree in the years 2000 to 2005 in Europe or the USA. Research productivity is evaluated alternatively as the number of publications or the quality-adjusted number of publications of an individual. When restricting the analysis to the number of

publications, results suggest a higher productivity by graduates from European universities than from USA universities, but this difference vanishes when accounting for the quality of the publication. The results also indicate that graduates placed at American institutions, in particular top ones, are likely to publish more quality-adjusted articles than their European counterparts. This may be because, when hired, they already have several good acceptances or because of more focused research efforts and clearer career incentives.

Keywords/JEL-Code: graduate programs research productivity A23, J44, A11, A14, A10

Friday 11 September, 14:00 - 16:00

B10 - Effects of Training Policies

Continuous Training and Innovation

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Keeping up with rapid technological change necessitates constant innovation. Successful innovation depends on both incumbent workers' knowledge, based on experience, and knowledge about the latest technologies, along with the skills needed to implement them. Both of these knowledge-based elements of innovation can be attained through moderate labor force turnover in combination with continuous training. Based on German micro data, we find empirical evidence in support of training leading to innovation within a multivariate regression framework. However, when instrumenting training by the existence of a union's contract or a works council this impact disappears.

Keywords/JEL-Code: Innovation, training, unions, works councils J 24, L 11, O31

Friday 11 September, 14:00 - 16:00

B10 - Effects of Training Policies

New Estimates of Public Employment and Training Program Net Impacts: A Nonexperimental Evaluation of the Workforce Investment Act Program

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This paper presents nonexperimental net impact estimates for the Adult and Dislocated Worker programs under the Workforce Investment Act (WIA), the primary federal job training program in the U.S. The key measure of interest is the difference in average quarterly earnings or employment attributable to WIA program participation for those who participate, estimated for up to four years following entry into the program. The WIA program offers three levels of service, Core services, including job search and placement assistance, and labor market information; Intensive services, including assessments, counseling, and career planning; and Training services, including occupational and basic skills training. The Adult program serves disadvantaged workers, who display relatively poor labor market performance, often over extended periods. The Dislocated Worker program serves individuals who were recently laid off, often as a result of firm downsizing or plant closure. These estimates of WIA program impact are based on administrative data from 12 states, covering approximately 160,000 WIA participants and nearly 3 million comparison group members. Focusing on participants who entered WIA programs July 2003-June 2005, the study considers the impact for all those in a program, the

impact for those receiving only Core or Intensive services, and the incremental impact of Training services. Propensity score matching methods are used to compare WIA program participants with comparison groups of individuals who are observationally equivalent across a range of demographic characteristics, social welfare benefit receipt, geographic area, and prior labor market experiences but who either did not receive WIA services or did not receive WIA training. The comparison group used to identify the overall impact of the WIA program consists of individuals participating in the Unemployment Insurance program (nine states) or individuals receiving job search and related services through Wagner-Peyser legislation (three states). Both comparison groups contain individuals facing employment difficulties and are therefore similar in important respects to WIA participants. Separate analyses are undertaken for each state, and results for aggregates of states are presented to allow inferences about the program's overall efficacy. Although differences across states are substantial, important similarities in the patterns of estimated impacts are observed. The results for the average participant in the WIA Adult program (regardless of services received) show that participating is associated with a several-hundred-dollar increase in quarterly earnings. The analysis of participants who receive only Core or Intensive services suggests that their benefits may be as great as \$100 or \$200 per quarter over the period of study, which is substantial compared to the small costs of those services. Adult program participants who obtain Training services have lower initial earnings than those who don't receive Training services, but they catch up within 10 quarters, ultimately registering large total gains per quarter. The marginal benefits of training may exceed \$400 in earnings each quarter three years after program entry. Following entry into WIA, Dislocated Workers experience several quarters for which earnings are depressed relative to comparison group workers with the same characteristics and work histories. As a group, their earnings ultimately overtake the comparison group, although the analyses suggest that the benefits they obtain are smaller than for those in the Adult program. The return they experience from training also appears to be appreciably smaller than that obtained by Adult program participants. Women are estimated to obtain greater benefits for participation in both the Adult and Dislocated Worker programs, with the quarterly earnings increment exceeding that of males. The value of training appears to be greater for females as well, especially over the long run. Although it is not possible to rule out the possibility that some of our estimates may be influenced by systematic selection that has not been controlled by these methods, we undertake a variety of robustness tests suggesting that the general pattern of the results almost surely reflects actual program impacts on individual participants.

Keywords/JEL-Code: Job Training Program Evaluation Workforce Investment Act I38, J08, J24

Friday 11 September, 14:00 - 16:00
B10 - Effects of Training Policies

Why Do Youth Job-Training Programmes Participants Drop Out? The Case of Projoven-Peru

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Although high drop out rates are common in youth job-training programmes (YJTP), little attention has been devoted to understand this phenomenon. This paper explains why trainees do not complete YJTPs. We estimate individuals' drop out likelihood using a limited duration model. We find that higher unemployment rate diminishes the likelihood to drop out of YJTPs. Additionally, indicators of training quality such as instructors' experience, having a formal contract during the internship and the effectiveness of training, measured as share of trainees working six months after training, decrease the chances to drop out of YJTPs. We complement the analysis using a competing risk model. We distinguish three exit routes: withdrawal from training to a job, withdrawal from training to unemployment/inactivity and involuntary withdrawal. We find that training quality indicators only play a role, reducing the likelihood to drop out, in the decision to drop out of training to inactivity and in the involuntary withdrawal. Nevertheless,

having a formal contract influence the likelihood to stay in the training in all the cases but in the involuntary withdrawal.

Keywords/JEL-Code: youth job training programme, Projooven, dropout, I C41, J24, J48, M53

Friday 11 September, 14:00 - 16:00

B10 - Effects of Training Policies

What Are the Equilibrium Effects of Training Policies for the Unemployed ?

Marc Ferracci, Julien Guitard

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In this paper we estimate the equilibrium effects of training policies for the unemployed. First we derive a model of equilibrium unemployment a la Mortensen and Pissarides where trained and non trained workers compete for the same jobs. In this model, training has an ambiguous effect on non trained unemployed workers. We then estimate the structural parameters of the model using a large administrative database. Controlling for individual unobserved heterogeneity, we find significant and positive equilibrium effects of training. Training increases the expected duration in employment and thus reduces vacancy costs, so that employers are incited to create more jobs, which benefits to both treated and non treated individuals. This effect is higher than the crowding out or the queue effect of training.

Keywords/JEL-Code: Training evaluation Equilibrium effects J24 J31 I2

Friday 11 September, 14:00 - 16:00

B11 - Unions and Wage Bargaining

The Decline of Wage Bargaining, Rising Wage Dispersion, and the Gender Wage Gap

Katrin Sommerfeld, Dirk Antonczyk, Bernd Fitzenberger

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This paper investigates the recent decline in wage bargaining, the related increase in wage inequality, and the consequences these two trends have for the development of the gender wage gap in West Germany between 2001 and 2006. Using linked employer employee data we find that wage dispersion is rising, driven not only by wage increases at the top of the wage distribution, but also by real wage losses below the median. At the same time, coverage under collective wage bargaining plunged between 2001 and 2006 by 16.9 percentage points (pp) for male employees and by 19.7 pp for female workers. Hence, in 2006, about half of West German full-time employees is not covered by a collective bargaining agreement anymore, compared to about 30% in 2001. Despite rising wage dispersion and sharply declining union coverage, the gender wage gap remained rather stable between 2001 and 2006, with moderate relative gains for women below the median. Analyzing the link between collective bargaining coverage and the gender wage gap we find that in 2006 women seem to benefit relative to men from being covered by sectoral bargaining regimes, while there is no such clear tendency in 2001. This suggests that the decrease in union coverage prevented a further decline of the gender wage gap. Finally, separating composition from price effects in a quantile regression framework we find that characteristics play an increasing role in explaining the gender wage gap while the scope of price discrimination decreased.

Keywords/JEL-Code: Wage Distribution Gender Wage Gap Collective Bargaining J31, J51, J52, C21

Friday 11 September, 14:00 - 16:00

B11 - Unions and Wage Bargaining

Efficiency of collective bargaining: Analysing changes in the wage structure in the public sector in Iceland

Katrin Olafsdottir

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It is widely accepted within the field of labor economics that union membership has a positive effect on wages and that centralization of collective bargaining leads to lower wage dispersion. The question remains whether it is possible to change the wage structure by changing the collective bargaining agreement and decentralizing the bargaining process. A unique opportunity to explore this question presented itself when changes were made to collective bargaining contracts in the public sector in Iceland as the bargaining process was decentralized. In this paper I explore the effects of the decentralization on the wage structure. I examine the wage level and wage structure looking at both daytime wages for fulltime work and total wages. The periods studied are the 4 years leading up to the changes, 1994 through 1997 compared with 4 years after the changes, 2001 through 2004. The variance of daytime wages increased as a result and the determination of wages takes increasing account of the outside wage. The employment regressions for daytime wages, furthermore, show a distinct change between the two research periods. Looking at total wages, the variance is relatively unchanged between the two periods, while the human capital regressions show a reduced effect of the outside wage on the determination of total wages. Finally, the tests of the different trade union models suggest inefficient contracting for both periods, although there seems to be a change between the two periods as the relationship between outside wages and employment in the first period is negative while positive in the second period.

Keywords/JEL-Code: Trade union models Decentralization Public sector J31, J45, J52

Friday 11 September, 14:00 - 16:00 B11 - Unions and Wage Bargaining

Collective Agreements, Restructuring in Transition and Wages

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In this paper we analyse the impact of collective agreements and employment restructuring on wages in Czech Republic, Slovakia, Hungary and Poland. With the use of linked employer-employee data from the European Structure of Earnings Survey 2002 we investigate the interactions between collective bargaining, labour turnover and wage structures in Transition economies. We find that collective agreements have a strong and significant impact on wages in CEE countries, with firm level agreements being more likely to affect wages of the high skilled workers and industry level contracts having a stronger impact on wages of the low skilled. The results show also important interactions between collective agreements and employment restructuring, although the size and signs of the arising wage premiums differ significantly across the countries.

Keywords/JEL-Code: Collective bargaining Wages Employment restructuring J31, J51, P2

Friday 11 September, 14:00 - 16:00 B11 - Unions and Wage Bargaining

Pattern Bargaining and Wage Leadership in a Small Open Economy

Anna Larsson, Lars Calmfors

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Pattern bargaining where the tradables (manufacturing) sector acts as wage leader is a common form of wage bargaining in Europe. Our results question the conventional wisdom that such a bargaining-set up produces wage restraint. We find that all forms of pattern bargaining produce the same macroeconomic outcomes as uncoordinated bargaining under inflation targeting and a flexible exchange rate. Under monetary union (a fixed exchange rate) wage leadership for the non-tradables sector is conducive to wage restraint and high employment, whereas wage leadership for the tradables sector is not. Loss aversion and comparison thinking in wage setting, where unions evaluate the utility of the wages of their members relative to a wage norm, may lead the follower to set the same wage as the leader. Such equilibria can arise when the leader sector is the smaller sector and promote high employment. The wage leader may have an incentive to act strategically to induce the follower to adopt the same wage.

Keywords/JEL-Code: Pattern Bargaining Wage Setting Monetary Regimes E24, J50

Friday 11 September, 14:00 - 16:00
B12 - Wage Mobility 1

Intergenerational Income Mobility in Sweden - New Estimates on New Data

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The recent 15-20 years have seen an upsurge of studies on intergenerational income mobility in several countries. The main purpose of these studies has been to estimate the association in income between members of two generations in the same family, most frequently fathers and sons. Many researchers motivate this type of work as a way to measure equality of opportunity whereas a strong family association in income can be regarded as a deviation from an equality-of-opportunity norm. A critical examination of the existing studies in the intergenerational income mobility literature shows that there are several gaps to be filled when it comes to results on Swedish data. Whereas previous studies typically started observing parental income in 1970, we can go back ten more years in time. In combination with income data up to 2007, we can offer a much richer set of estimates than has been available in the previous literature. We are also able to study how well snapshots of income over limited parts of the life-cycle are able to approximate the more long-run measures that we ideally would like to use. The aim of this study is to fill some of these gaps and provide a new set of intergenerational mobility estimates on Swedish data.

Keywords/JEL-Code: income mobility J62, J12

Friday 11 September, 14:00 - 16:00
B12 - Wage Mobility 1

Starting your career with a temporary job: stepping-stone or 'dead end'?

Dimitris Pavlopoulos

Free University of Amsterdam, Amsterdam, Netherlands

This paper uses panel data from the UK (BHPS) and Germany (GSOEP) to investigate the wage effect of entering the labour market with a temporary job. Further than the previous literature that studied the effect of the contract type on wage dynamics in the explained part of a wage regression, we also investigate the effect of the starting contract on the variance of unobserved individual effects and random earnings shocks. For this purpose, we decompose earnings into their permanent and temporary component and study the effect of such a labour market entry on each of these components. In the permanent component, we distinguish between initial unobserved earnings ability and experience-related heterogeneity. Our results for Germany, verify the existence of a wage penalty for entering the labour market with a temporary contract. This penalty disappears after 12 years for male workers and after 7 years for the female workers.

In contrast, in the UK, no such wage penalty is found. However, in the UK, the initial unobserved earnings capacity is higher for workers starting off with a permanent job. No such difference emerges in Germany. In none of the two countries do we find a difference between the two groups of workers in the effect of experience-related unobserved heterogeneity. Initial inequality in the unobserved earnings capacity gradually disappears due to experience-related heterogeneity for all groups except for the British workers that entered the labour market with a temporary job. The persistence of earnings shocks is higher for workers entering the labour market with a temporary contract.

Keywords/JEL-Code: temporary contracts wages error component J31

Friday 11 September, 14:00 - 16:00

B12 - Wage Mobility 1

Cohort Wage Effects and Job Mobility

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Economic conditions at the time of entering the labour market can induce wage differentials between entry cohorts. While there exists much empirical evidence on the existence and persistence of these cohort effects, little is known about their impact on employees' mobility behaviour. Using a linked employer-employee data set derived from German administrative data, this paper analyzes the determinants of job mobility, emphasizing the effect of cohort wage differences in this context. The analysis suggests that cohort effects play an important role in explaining job transitions. Labour market entrants affected by unfavourable conditions and earning less than the average starting wage tend to be more mobile. Moreover, our empirical analysis shows that labour market transitions reduce the cohort effects in earnings, implying that job mobility operates as an adjustment mechanism that reverses the initial wage differences between entry cohorts.

Keywords/JEL-Code: wage differentials mobility linked employer employee E24, J31, J62, J64

Friday 11 September, 14:00 - 16:00

B12 - Wage Mobility 1

Flexicurity and Earnings Dynamics over the Life-Cycle

Lorenzo Cappellari

Università Cattolica, MILANO, Italy

We investigate the relationship between the Danish flexicurity system and the evolution of individual earnings over the life-cycle. We use linked employer-employee longitudinal register data to model individual earnings dynamics, distinguishing between a long term life-cycle profile and transitory earnings shocks. We relate the two earnings components to individual membership of the unemployment insurance scheme, the backbone of the flexicurity system. We find that membership is associated with a reduction in growth rate heterogeneity and an increase in earnings instability. Both results suggest the presence of moral hazard effects associated with unemployment insurance.

Keywords/JEL-Code: unemployment insurance earnings dynamics J31, J65

Friday 11 September, 16:30 - 18:30

C01 - Discrimination and Firms

Gender Wage Discrimination in Egypt: A Quantile Regression Analysis

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This paper attempts to analyze changes in the gender wage gap in Egypt over a period of three years (1988, 1998 and 2006), using a quantile regression analysis, and considers the contribution of discrimination in explaining gender wage differentials. A Two Stage Regression Quantiles (2SRQ) estimator is used in order to solve the endogeneity of the education variable in the wage equation. While, the Oaxaca-Blinder approach widely used in the literature could be interesting, it provides a grand picture for the average of the gender wage gap which may be significantly misleading when the gender wage gap differs significantly at different point of the wage distribution. In addition, this standard decomposition of the gender wage gap is not directly applicable when measured at different quantiles of the wage distribution. Relying on some empirical evidence about the wage distribution in Egypt, we justify the need of measuring discrimination throughout the distribution of wages. For this purpose, we follow the Machado and Mata methodology in order to get a measure for discrimination at different quantiles. Our main results confirm that the raw gender wage gap as well as discrimination in an absolute term are far from being constant, they are increasing as we move up the wage distribution ; the so-called glass ceiling. This result is observed in all three years. However, relative discrimination has rather a decreasing pattern, even though this pattern is not obviously perceived for 1998 and 2006.

Keywords/JEL-Code: Gender Discrimination quantile regression counterfactual densities J16, J31, J71

Friday 11 September, 16:30 - 18:30
C01 - Discrimination and Firms

Men, Women, and the Ballot. Woman Suffrage in the United States

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Woman suffrage led to the greatest enfranchisement in the history of the United States. Before World War I, however, suffrage states remained almost exclusively confined to the American West. The reasons for this pioneering role of the West are still unclear. Studying the timing of woman suffrage adoption at state level, we find that states in which women were scarce (the West) enfranchised their women much earlier than states in which the sex ratio was more balanced (the rest of the country). High sex ratios in the West, that is high ratios of grantors to grantees, reduced the political costs and risks to male electorates and legislators of extending the franchise. They are also likely to have enhanced female bargaining power and may have made woman suffrage more attractive in the eyes of western legislators that sought to attract more women to their states. Our finding of a reduced-form inverse relationship between the relative size of a group and its success in securing the ballot may be of use also for the study of other franchise extensions and for inquiries into the dynamics of political power sharing more generally.

Keywords/JEL-Code: Woman Suffrage Democratization Political Economy J16

Friday 11 September, 16:30 - 18:30
C01 - Discrimination and Firms

Are Women Pawns in the Political Game? Evidence from Elections to the Spanish Senate

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The low incidence of women legislators is prompting political parties and governments in many countries to mandate quotas in candidate lists. This paper argues that women may be selected by parties for a number of reasons beyond quality: they could be chosen for visibility, or they could be nominated so that the power of male party insiders is not threatened. We test this hypothesis using data from elections to the Spanish Senate. In an electoral system where surname order determines the order in the ballot and thus votes, we find that parties strategically nominate female candidates according to their surname. In constituencies where candidates from the same list compete for one seat, parties nominate women whose surnames are relatively more towards the end of the alphabet; thus female candidates are less likely to get elected. In constituencies where all candidates from the same party are expected to get elected, parties nominate women whose surname is more towards the beginning of the alphabet, perhaps for positive media treatment. The bias we find is so strong that we are able to predict the gender of a candidate just by surname order. Finally, contrary to conventional wisdom, and controlling for the endogeneity of the order in the ballot by using surname order as instrument, we find that female candidates get more votes.

Keywords/JEL-Code: gender discrimination elections strategic nomination J16, D72

Friday 11 September, 16:30 - 18:30

C01 - Discrimination and Firms

Do Male-Female Differences in Job Search vary with age?

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In this paper we reconsider the question whether women search longer than men for a job which can be consistent with explanations of differences in productivity or employer discrimination in a search equilibrium framework. For the empirical analysis we use data on displaced men and women from West German register data and employ semi-parametric duration models. We show that gender differences in unemployment durations vary with age; a finding that is not consistent with the theoretical predictions. Furthermore, it is only young women who search longer than comparable men. Finally, we show that part of the age profile is because women exit slower during the first year. We discuss possible economic explanations of these results.

Keywords/JEL-Code: job search gender duration analysis J7 J16 J42

Friday 11 September, 16:30 - 18:30

C02 - Education and School System 2

The Impact of the 1999 Education Reform in Poland

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The purpose of this paper is to explain the significant improvement in international achievement tests by Poland in recent years. The vocationalization of secondary schooling for increased employment opportunities has been a mainstay of development policy for many decades, perhaps nowhere more so than in formerly socialist countries. The transition, however, led to significant restructuring of school systems, including a declining share of students in the vocational track. Exposing more students to a general secondary school education could improve their academic abilities, given that they will have: increased hours of academic instruction, more testing on those subjects and knowledge that they will have further learning

opportunities. However, students who would have otherwise been attracted or driven to a vocational school may not be able to cope with the increased educational demands. In this paper, we test the hypothesis that delayed vocationalization improved test scores in Poland. Our results show that delayed vocationalization had, on average, a positive and significant impact on student performance. Unfortunately, once the students enter senior secondary school, the vocational track comes back and the scores of the likely vocational students suffer.

Keywords/JEL-Code: education, Poland, reform, comprehensive, tracking I21, I28

Friday 11 September, 16:30 - 18:30
C02 - Education and School System 2

Kindergarten Attendance and Decision Makers' Political Leaning- Difference-in-Differences Evidence from German Municipalities

Martin Schlotter

Ifo Institute for Economic Research, MÜNCHEN, Germany

In the absence of experimental settings causal effects of Early Childhood Education (ECE) are difficult to measure. Based on expanded data on German kindergarten attendance and applying a difference-in-differences identification strategy, we show that a change to a conservative majority in elections to the municipal council of an urban district significantly reduces Kindergarten attendance. This first stage result is new and for political reasons very important per se. Moreover, such variation in the political landscape can be considered as sufficiently exogenous and can therefore serve as valid instrument for estimating causal effects of Early Childhood Education.

Keywords/JEL-Code: Early Childhood Education; SOEP; Difference-in-Dif C31;J13;H75

Friday 11 September, 16:30 - 18:30
C02 - Education and School System 2

Assessing the Impact of Argentina's Ley Federal de Educacion on Educational and Labor Outcomes

Maria Laura Alzua, Germán Bet, Leonardo Gasparini, Francisco Haimovich

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In the early nineties the Argentina's Congress passed a law aimed at changing some characteristics of the educational system. Chiefly among them, compulsory education was extended in two years. The timing in the implementation of the reform substantially varied across provinces, providing a source of identification for the causal effect of the law. We estimate difference-in-difference models to assess the impact of the reform on various educational and labor outcomes.

Keywords/JEL-Code: Educational Reform Labor Market Outcomes Educational Outcomes J24, J31, I2

Friday 11 September, 16:30 - 18:30
C02 - Education and School System 2

Valuing School Quality Using Boundary Discontinuities

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A large body of international research shows that house prices respond to local school quality as measured by average test scores. But better test scores could signal better expected academic outputs or simply reflect higher ability intakes, and existing studies rarely differentiate between these two channels. In our research, we simultaneously estimate the response of prices to school 'value-added' and school composition to show more clearly what drives parental demand for schools. To achieve consistent estimates, we push to the limit the use of geographical boundary discontinuities in hedonic models by matching identical properties across admissions authority boundaries; by allowing for a variety of boundary effects and spatial trends; by re-weighting our data to only consider the transactions that are closest to education district boundaries; and by submitting the estimates to a number of potentially destructive falsification tests. Our results survive this battery of experiments and show that a one-standard deviation change in either school value-added or prior achievement raises prices by around 3%.

Keywords/JEL-Code: House prices School quality Boundary discontinuities C21; I20, H75; R21.

Friday 11 September, 16:30 - 18:30
C03 - Family and Work: Policy Effects

Reconciling Work and Family Life: The Effect of Supplying Free Child Care For Two Years Old

Julie Moschion
Ministry of Labour, PARIS, France

In France, having more than two children has a causal negative impact on mothers' labour supply. The question addressed in this paper is whether the supply of free child care for young kids alters this effect. To measure the effect of the supply of free child care for young kids, we have spotted exogenous spatial changes that modify the conditions in which individual labour decisions are taken. Using the heterogeneity in the geographical distribution of two-years-old in pre-elementary public schools, we find that when mothers of two-years-old children have a high access to free child care the effect of fertility on mothers' labour supply is lower.

Keywords/JEL-Code: mothers' labour supply fertility free child care J13, J16

Friday 11 September, 16:30 - 18:30
C03 - Family and Work: Policy Effects

The Impact of a Large Parental Leave Benefit Reform on the Timing of Birth around the Day of Implementation

Marcus Tamm
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The introduction of the German parental leave benefit (Elterngeld) applied to all children born on January 1st, 2007 or later. The new Elterngeld considerably changed the amount of transfers to families during the first two years postpartum. We show that the incentives created by using a cut-off date led more than 1000 parents to postpone the delivery of their children from December 2006 to January 2007. Besides analyzing the timing of delivery the paper focuses on potential adverse health outcomes of children affected by the shift in date of birth.

Keywords/JEL-Code: policy evaluation fertility cut-off date effect H31, J13

Friday 11 September, 16:30 - 18:30
C03 - Family and Work: Policy Effects

Collective Labor Supply and Child Care Expenditures

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Abstract This paper shows how child care expenditures influence labor supply in a collective household model. We find positive but very small child care price elasticities and this means that men and women supply more labor if the price of child care increases. The estimated wage elasticities for men and women are both negative. Moreover, we find that the wage effects on labor supply are larger than the child care price effects. In addition we examined how income is shared within the household. We find that the man transfers 57.7 percent of the additional earnings to his wife if his hourly wage rate increases with 1 Euro. The woman transfers 15.8 percent of the additional income earnings to her husbands if her hourly wage rate increases with 1 Euro.

Keywords/JEL-Code: Collective Child care labor supply D12, D13, J22

Friday 11 September, 16:30 - 18:30
C03 - Family and Work: Policy Effects

Money for Nothing? Universal Child Care and Maternal Employment

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Subsidized child care is often proposed as a means of promoting female labor force participation. However, the strong correlation between child care and maternal employment may be caused by political pressure for expansive child care policies where mothers are already working. Exploiting the unprecedented expansion in child care coverage in Norway after a 1975 child care reform, our difference-in-difference estimates reveal that there is little, if any, causal effect of subsidized child care on maternal employment, despite a strong correlation. The new subsidized child care crowds out informal child care arrangements, with almost no net increase in total child care use or labor supply. Extensive robustness analyses support our precisely estimated results.

Keywords/JEL-Code: female labor force participation difference-in-difference J13

Friday 11 September, 16:30 - 18:30
C03 - Family and Work: Policy Effects

Now Daddy's Changing Diapers and Mommy's Making her Career: Evaluating a Generous Parental Leave Regulation Using a Natural Experiment

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Over the last decades many OECD countries introduced parental leave regulations in order to counteract low and decreasing birth rates. In general, these regulations aim at making parenthood more attractive and more compatible with a working career, especially for women. The recent German Elterngeld reform is one example: By replacing 67 per cent of prepartum parental labor earnings for up to 14 months after birth of the child - if both father and mother take up the transfer - it intends to i) smooth or prevent households' earnings decline postpartum, ii) make childbearing attractive for working women while keeping them close to the labor market, and iii) incentivize fathers to participate in childcare. We evaluate the reform by using a natural experiment created by the quick legislative process of the Elterngeld reform: Comparing outcomes of parents with children born shortly after and before the coming into effect of the law on 1 January 2007 yields unbiased estimates of the reform effects, because at the time when these children were conceived none of the parents knew that the regulation would be in force by

the time their child is born. Our results are based on unique data from the official evaluation of the reform, which we conducted for the government, and they show that the reform has been generally successful in attaining its objectives. In particular, we find a significant decrease in mothers' employment probability during the 12 months after giving birth, and a significant increase in mothers' employment probability after the Elterngeld transfer expires.

Keywords/JEL-Code: Parental leave, natural experiment, fertility J13, J18, H31

Friday 11 September, 16:30 - 18:30

C04 - Internal Labour Markets and Labour Relations

Temporary Jobs: Port of Entry, Trap, or Just Unobserved Heterogeneity?

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We use a discrete-time dynamic multinomial logit model with fixed effects to study the port of entry versus trap hypotheses of temporary contracts in Italy. The WHIP data allows us to observe several kinds of temporary contracts and to distinguish between contract transformations occurring within the same firm and job changes across different employers. After controlling for contract sorting due to workers' unobserved heterogeneity, we find evidence of state dependence in the form of: (i) contract persistence: whatever the initial state of a worker, retaining the same contract is always the most likely outcome; (ii) port of entry: the transition to open ended employment is more likely for individuals holding any type of temporary contracts than for the unemployed; (iii) yet, not all temporary contracts are the same: training contracts are the best port of entry, while quasi-subordinate work is the worst. (iv) When controlling for transitions within or between firms it emerges that the port of entry is observed mainly within the same firm, where a long cursus honorum from temporary to open ended contracts comes to light. Long-lasting open ended jobs are the only port of entry across firms.

Keywords/JEL-Code: temporary jobs, state dependence, fixed effects J41, J63

Friday 11 September, 16:30 - 18:30

C04 - Internal Labour Markets and Labour Relations

Labour Productivity Differentiated by Age and Skills

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The study aims at evaluating the actual profile of marginal productivity over age within the workforce. Might age-productivity profile differ between occupations, the workforce has been differentiated simultaneously by skills (low-skilled, high-skilled) and by age (young, mid-age, old). A three-level constant-elasticity-of-substitution production function has been estimated, allowing the imperfect substitution between different categories of workers. French matched employer-employee dataset (DADS-BRN) for manufacturing and services has been used. Labour productivity has been found to decrease with age for low-skilled category of labour. The wage profile steeper than productivity confirms deferred compensation system. In case of high-skilled employees the oldest workers appear the most productive group. The productivity profile steeper than wage corresponds to the human capital approach.

Keywords/JEL-Code: older workers, labour productivity, CES function J24, J31, J41

Friday 11 September, 16:30 - 18:30

C04 - Internal Labour Markets and Labour Relations

The Role Played by Business Ownership Experience in the Internal Economics of the Firm

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Few studies have examined how well individuals who forsake self-employment and return to wage employment fare in the labor market. Research comparing earnings of former business owners who have become wage employees with those of others of similar age and educational background who did not experience self-employment over their careers has failed to account systematically for firm characteristics and the specifics of career dynamics inside firms. The present study uses longitudinal matched employer-employee data that include detailed information about individuals' backgrounds, job assignments, and career progress within firms to examine the impact of business ownership experience on careers and wages. Empirical findings indicate that: i) former business owners have a greater probability of entering a firm at a high job level than other individuals (particularly when the firm is relatively small); ii) former business owners progress faster up the job ladder (particularly when the firm is relatively large); iii) when job levels are accounted for as a determinant of wages, and matching worker-firm specific effects are used in estimating earnings equations, the impact of business ownership experience on earnings is positive and increases with firm size. A possible explanation for these results is that former business owners may possess a kind of task-specific human capital - such as, for instance, experience in supervising other employees. Firms may use business ownership experience as an outside signal about the workers' ability, and thus hire former business owners to higher level jobs. The higher the job level she is assigned, the more likely a worker is to acquire supervisory ability. If this ability is an important requirement for career progress, then former business owners, being more likely to have initially been assigned to a higher job level, should also progress faster up the job ladder. Since larger firms have a greater scope of supervisory and decision-making activities, the positive effect of business ownership experience on wages, due to the higher initial job assignment level and ensuing career progress, should be greater for those firms.

Keywords/JEL-Code: business owner promotions wages J31, J41, M51

Friday 11 September, 16:30 - 18:30

C04 - Internal Labour Markets and Labour Relations

Pay-for-the-Job or Pay-for-the-Person? Demand and Supply-side Determinants of Executive Compensation

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There is growing consensus that Italy's recent productivity slowdown is due, among other factors, to poor quality of CEOs. Based on a unique data set derived by merging the data on Italian managers collected by Hay Group and data on Italian firms drawn from the Company Accounts Data Service, we propose a structural model of two-sided matching and Nash bargaining that we estimate via maximum likelihood. Our findings suggest that firms' productivity is much more affected by firms' organizational structure than by managers' ability. Under the standard assumption of a Nash-bargaining process, we find that Italian managers get 64 percent of the total output they contribute to create.

Keywords/JEL-Code: executive compensation bargaining power job matching C73, D31, J41

Friday 11 September, 16:30 - 18:30
C05 - Labour Markets in Transition Economies

Estimates of Employment and Welfare Effects of Personal Labour Income Taxation in a Flat-Tax Country: The Case of Estonia

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This paper presents estimates of the employment and welfare effects of personal labour income taxation in Estonia. The labour supply decision of individuals is estimated based on data from the 2005 Estonian Labour Force Survey. Economic incentives are found to affect the participation decision of individuals, but not the number of hours worked by individuals already working. The participation elasticities are higher for individuals in the middle income groups than for individuals in the low and high income groups. Increasing the proportional tax rate by 1 percentage point is found to reduce total employment by 0.35 percentage points. The baseline estimate of the marginal cost of public funds is 1.6 if the proportional tax rate is increased and 1.8 if the basic exemption is lowered. The marginal cost of public funds varies across different income groups, which may suggest possible gains in efficiency from reallocating the taxation burden of the existing system of proportional taxation. The employment and welfare estimates are subject to substantial uncertainty.

Keywords/JEL-Code: labour taxation, labour supply, welfare excess burden H21, H24, J21, J22

Friday 11 September, 16:30 - 18:30
C05 - Labour Markets in Transition Economies

The Part-Time/Full-time Wage Gap in Central and Eastern Europe: the Case of Estonia

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Many Eastern European countries are characterized by high wage inequalities and a relatively low proportion of labour force being employed on a part-time basis, yet unlike Western countries, there are extremely few if any studies analysing part-time pay penalty in these countries. This paper examines the incidence and reasons for part-time pay gap in Estonia, a small Eastern European catching up economy. We use Estonian Labour Force Survey data from years 1997-2007; the part time wage gap is estimated by using Oaxaca-Blinder wage decompositions and propensity score matching. The results are quite different for males and females. For females the raw wage gap is in favour of part-timers. After taking into account various worker characteristics, the wage gap becomes even larger. For males the full-time raw premium exists, but it is to a large extent explained by the personal characteristics.

Keywords/JEL-Code: part-time work, pay-gap, Eastern Europe C13, J22, J31

Friday 11 September, 16:30 - 18:30
C05 - Labour Markets in Transition Economies

The Impact of Innovation on Employment: Firm- and Industry-Level Evidence From Transition Economy

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This paper investigates the implication of innovation on employment at the firm and industry levels on the example of Estonian data. The paper contributes to the literature in two respects. First, it analyses data of a transition country undergoing rapid economic development as opposed to most other studies which use data from developed and technologically leading

countries. The second contribution concerns the nature of the data used; we propose a novel estimation strategy based on the Community Innovation Surveys (CIS). Our results indicate that innovation has a positive effect on employment growth. The process innovation has the strongest effect at the firm level and product innovation at the industry level. Differently from other empirical studies, we find that this firm-level result stems from the strong impact of innovation on employment growth in medium and low-tech industries.

Keywords/JEL-Code: Technological innovation, Labour demand Industry structure, Transition economies O33, J23, P23

Friday 11 September, 16:30 - 18:30

C05 - Labour Markets in Transition Economies

Comparative Advantage, Segmentation And Informal Earnings: A Marginal Treatment Effects Approach

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This paper employs recently developed econometric models of marginal treatment effects to analyze the relevance of labor market comparative advantage and segmentation in the participation and earnings performance of workers in formal and informal jobs in Argentina. A novel household data set on informality and self-employment and information on labor inspections targeting informal work was collected for this purpose. We account for endogeneity and selectivity issues in our estimations. Our results offer evidence for both comparative advantage and segmentation. No significant differences between the earnings of formal salaried workers and the self-employed are found, once accounted for positive selection bias into formal work. This is consistent with labor market comparative advantage considerations. On the contrary, informal salaried employment carries significant earnings penalties, alongside negative selection bias and modest positive sorting. These results are more consistent with segmentation. Keywords/JEL-Code: marginal treatment effects, occupational choice segmentation, comparative advantage earnings, informality, labor markets C31, J24, J31, J42, O17

Friday 11 September, 16:30 - 18:30

C06 - Labour Supply: Gender and Family 2

Dynamic Modeling of Fertility and Labor Market Participation of Married or Cohabiting Women

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We model jointly fertility and participation decisions of the women who live in couple using a dynamic model. We analyze, for the period going from 1994 to 2001, the labor supply and the fertility decision of married or cohabiting women in France, Spain, Germany, United-Kingdom and Denmark. We estimate a dynamic bivariate probit model with random effects using the ECHP (European Community household Panel) and using a simulated maximum likelihood estimator. These estimates are made on an annual basis taking into account the initial conditions problem. The decisions of participation and fertility of women who live in couple depend on the individual characteristics (observed or unobserved) and are characterized by a significant state dependence. Our results suggest that the decisions of employment and fertility cannot be separately modeled. The difference of fertility across these countries is explained by individual characteristics and variations of social and fiscal policies across countries. However, the unobserved components of heterogeneity play a central role in the observed differences across

countries. We show the importance of the permanent income component in the participation decision. Random effects are negatively correlated across the equations of the model. consequently, women who, a priori, prefer to have a higher consumption have weaker preferences for fertility.

Keywords/JEL-Code: Participation, Heterogeneity simulation based estimation, panel data J21, J22, C33, C35

Friday 11 September, 16:30 - 18:30

C06 - Labour Supply: Gender and Family 2

Good-bye Lenin on Our Bank Account? Within-Household Allocation in East and West German Couples

Holger Stichnoth

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Using data from the German Socio-Economic Panel, I estimate a collective discrete choice model of female labour supply with non-participation and non-linear taxation. I use the model to study whether the within-household allocation is more egalitarian for women who grew up in the former East Germany. The key identifying assumption is that some (but not all) parameters of the utility function are identical for single women and women in couples. I find that women receive about 67 percent of household net income for their individual consumption. There is no statistically significant difference with respect to the woman's origin.

Keywords/JEL-Code: Collective model microsimulation maximum simulated likelihood D11, D12, J22

Friday 11 September, 16:30 - 18:30

C06 - Labour Supply: Gender and Family 2

Volunteering and the State

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This paper explores the capability of the state to affect the individual's decision to work for free. For this purpose we combine individual-level data from the European and World Values Survey with macroeconomic and political variables for OECD member countries. Empirically we identify three channels for crowding out of voluntary labor. Firstly, an increase in public social expenditure decreases the probability that the individual will volunteer (fiscal crowding out). Secondly, a political consensus between individuals and the government also induces volunteers to reduce their unsalaried activities (consensual crowding out). And finally, the more a government supports democratization, the lower is the individual's engagement (participatory crowding out). Religiosity and a more unequal income distribution in a country increase individuals' willingness to volunteer.

Keywords/JEL-Code: volunteering, voluntary labor supply private provision of public goods political consensus, democratization J22, H41, H44

Friday 11 September, 16:30 - 18:30

C07 - Macroeconomics of Unemployment: Mobility

Education, Job Destruction and the Welfare Gains from Employment Protection in Search Economies

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This paper studies the impact of a two tier employment protection legislation on the return to schooling, equilibrium unemployment and aggregate welfare. It is shown that a *laissez faire* economy is inefficient because of insufficient educational investments leading to excess job destruction and insufficient job creation. By stabilizing employment relationships, firing costs may spur educational investments and therefore lead to welfare and productivity gains. However, there seems to be little chance for a dual EPL system as is common in most European countries with heavily regulated long-term contracts versus more flexible short-term jobs to raise the incentives to schooling and aggregate welfare.

Keywords/JEL-Code: Education Employment Protection Matching Models J63 J24

Friday 11 September, 16:30 - 18:30

C07 - Macroeconomics of Unemployment: Mobility

Intra-Firm Bargaining and Matching Frictions in a Multiple Equilibria Model

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In this paper, we combine a monopolistic model à la Dixit-Stiglitz and a matching model derived from Pissarides (2000) in the case of large firms. As in Cahuc and Wasmer (2001), we consider an intra-firm bargaining model for the wage determination. Moreover, we allow for increasing returns to scale in the production function leading to multiple equilibria. Finally, based on numerical simulations, we investigate the effects of stronger competition in the product market, higher unemployment benefits and stronger bargaining power of workers on the labor market performances in the case of unique equilibrium and multiple equilibria.

Keywords/JEL-Code: matching frictions Intra-firm bargaining multiple equilibria D43, E24, J41

Friday 11 September, 16:30 - 18:30

C07 - Macroeconomics of Unemployment: Mobility

The Effect of International Firm Mobility on Wages and Unemployment

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While the increase in international firm mobility has been well documented, its effects on macroeconomic aggregates and in the labor market are still controversial. Multinational enterprises (MNEs) benefit from an international outside option during wage bargaining, leading to a decrease in average wages. However, a strategic incentive to hire extra workers in a foreign (home) plant in order to reduce wages in the home (foreign) plant has an indirect positive effect on wages due to spillovers resulting from an increased demand for labour. In a framework of frictional unemployment, permitting MNEs leads to an unambiguous decrease in unemployment. Abstracting from transport and plant fixed costs, MNEs lead to higher wages. However, including transport and plant costs generally leads to lower wages, though the effects are small. The strategic hiring effect is important in mitigating the fall in wages.

Keywords/JEL-Code: Globalization Bargaining Multinationals J64, J5, F23, E24

Friday 11 September, 16:30 - 18:30

C07 - Macroeconomics of Unemployment: Mobility

Unemployment and Workplace Safety in a Search and Matching Model

Masaru Sasaki

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Are recessions really good for workplace safety? This paper develops a model with search to consider the determinant of workplace safety and then investigates a relationship between unemployment and the incidence of work-related injury. There is a view that the rate of work-related injury is pro-cyclical according to Arai and Thoursie (2005), Ruhm (2000) and Boone and van Ours (2006). However, the data from several countries do not necessarily support this view. This paper considers an alternative approach to support the counter-cyclical variants in the rate of work-related injury in which a firm chooses the optimal input for workplace safety.

Keywords/JEL-Code: jon search unemployment workplace safety J64 J65 J81

Friday 11 September, 16:30 - 18:30

C07 - Macroeconomics of Unemployment: Mobility

Search with a Quasi-Network

Joao Miguel Ejarque

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In a standard search model the expected duration of unemployment is independent of the duration of previous employment, as well as of the current length of the unemployment spell. This paper offers a network mechanism to generate these correlations. Here, employed workers invest in social contacts with other employed workers, which will help them find jobs in the event of unemployment. These social contacts 'depreciate' because they can also become unemployed and unemployed contacts are assumed to be useless. In this model the longer you have been working, the more contacts you are likely to have, and the more contacts you have the shorter your expected unemployment duration will be. The model is a simple and tractable way of introducing network ideas in one of the workhorses of labour and macroeconomics. The model also suggests that networks are less productive during periods of high unemployment, mainly because high unemployment destroys part of the network. In addition, the model provides guidance for indirect inference of network effects from the data.

Keywords/JEL-Code: Search Networks Duration J21, J64

Friday 11 September, 16:30 - 18:30

C08 - Migration: Effects on Host Country Labour 1

The Impact of Immigration on the French Labor Market: Why so Different?

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This paper evaluates the impact of immigration on the labor market outcomes of natives in France over the period 1962-1999. Combining large (up to 25%) extracts from six censuses and data from Labor Force Surveys, we exploit the variations in the immigrant share across education/experience cells and over time to identify the impact of immigration. In the baseline specification, we find that a 10% increase in immigration increases native wages by 3%. We then test whether this result comes from production complementarities between natives and immigrants and find no robust evidence for this. Next, as the share of immigrants within given cohorts over time is relatively stable, we introduce cohort fixed effects in the regressions, which render the positive impact of immigration statistically insignificant.

Keywords/JEL-Code: Immigration, Impact J15, J31

Friday 11 September, 16:30 - 18:30
C08 - Migration: Effects on Host Country Labour 1

Self-Employment and Culture

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There is an extensive literature examining the determinants of self-employment. These studies have mainly failed to account for the differences in entrepreneurial spirit across countries. This paper explores the role of culture in self-employment by exploiting variation in historical self-employment rates by country of origin of second generation immigrants. Since second generation immigrants are born in the U.S., all of them live under American laws and institutions. Thus, we interpret differences in self-employment rates by country of origin as evidence of the effect of culture. Using this epidemiological approach, we find that culture has quantitatively significant effects the self-employment decision.

Keywords/JEL-Code: Self-Employment, Culture J23, Z10, J61, J10

Friday 11 September, 16:30 - 18:30
C08 - Migration: Effects on Host Country Labour 1

The Effects of Low-Skilled Immigration on the Labor Supply of Skilled Spanish Females

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We examine the effects of the large low-skilled immigration inflows over the period 1999-2008 on the labor supply of highly skilled native females in Spain. We hypothesize that the large supply shock of low-skilled immigrants may have increased the availability of workers providing services that are close substitutes of household work, such as housekeeping and child or elder care. As a result the price of these services may have fallen and high-wage females, with a high opportunity cost of staying at home, may have substitute hours of home production by market work. We find that, indeed, those regions that experienced a higher increase in the supply of low-skilled immigrants also witnessed a rise in the employment of domestic service workers, as well as increases in the number of hours worked by highly skilled native women. This was particularly so for women with very small children. The evidence suggests that the higher availability of domestic service workers may have helped highly skilled women to return to work earlier and work more hours after childbirth. We conclude that one indirect positive effect of the large migration inflows in Spain during the past decade may have been to increase employment and hours worked by women in high-skill occupations, through a higher use of domestic work.

Keywords/JEL-Code: immigration fertility and retirement female time allocation and labor supply J61, J22, J13

Friday 11 September, 16:30 - 18:30
C08 - Migration: Effects on Host Country Labour 1

Migration, the Quality of the Labour Force and Economic Inequality

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Mobility of workers involves flows of labour, human capital and other production factors and thus contributes to a more efficient allocation of resources. Besides these effects on allocative efficiency, migrant flows affect relative wages and also change the international and national

distribution of skills and thereby equality in the receiving society. This paper suggests that skilled immigration promotes economic equality in advanced economies under standard conditions. The context is theoretically explained in a core model and empirically documented using unique data from the WIID database and OECD.

Keywords/JEL-Code: Inequality, income distribution, human capital skill allocation, migration, ethnicity minority, Gini-coefficient D33, E25, F22, J15, J61, O15

Friday 11 September, 16:30 - 18:30

C09 - Personnel Economics: Organization 1

Cultural Affinity in International Joint Ventures - An Experimental Study

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Managers of international joint ventures usually originate from the same country as one of the parent firms. We investigate the effect of cultural affinity between the joint venture manager and one of the investors on their decision making. Our experiments in three countries with 369 subjects indicate that Chinese, German, and Korean subjects are biased in favor of fellow-country investors, even foregoing part of their monetary payoff, whereas American subjects are driven by pure profit-maximizing motivation. Further, investors in the experiments expect a culture-conditioned bias from the manager and accordingly invest less when the manager is from a different country.

Keywords/JEL-Code: international joint ventures cultural affinity experiments C92, F23, M51, M52

Friday 11 September, 16:30 - 18:30

C09 - Personnel Economics: Organization 1

The Role of a Middle-Manager in an Organization

Silvia Dominguez-Martinez

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An individual's perception of his ability affects the choices he makes. This paper investigates a junior employee's self-assessment of his ability after observing his performance on a task. Performance depends on the junior's ability and on the difficulty of the task. Both are unknown to the junior. A consequence may be that based on his self-assessment a talented junior employee may decide to leave the organization. This can be prevented by appointing a middle-manager to coach the junior employee. The role of the middle-manager is twofold. First, the middle-manager must assign a task to the junior employee upon arrival at the organization. Second, the middle-manager may provide feedback on the difficulty of the performed task.

Keywords/JEL-Code: task assignment self-assessment middle-manager D83

Friday 11 September, 16:30 - 18:30

C09 - Personnel Economics: Organization 1

Profit Sharing and the Quality of Relations with the Boss

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Profit sharing generates conflicting changes in the relationship between supervisors and workers. It may increase cooperation and helping effort. At the same time it may increase direct

monitoring and pressure by the supervisor, and mutual monitoring and peer pressure from other workers that is transmitted through the supervisor. Using data on satisfaction with the boss, we initially show that workers under profit sharing tend to have lower satisfaction with their supervisor. Additional estimates show this is largely generated by groups of workers who would be least likely to respond to increased supervisory pressure with increase effort: women, those with dependents and those with health limitations. Despite this finding, profit sharing seems to have little or no influence on overall job satisfaction as the reduction in satisfaction with the boss is offset with increased satisfaction with earnings, a finding consistent with profit sharing enhancing productivity and earnings.

Keywords/JEL-Code: Mutual Monitoring, Job Satisfaction, Supervision J33, J28, J53

Friday 11 September, 16:30 - 18:30

C09 - Personnel Economics: Organization 1

Behavior under Social Pressure: Empty Italian Stadiums and Referee Bias

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This paper measures the effect of social pressure on economic agents using a natural experiment. We make use of an attractive source of exogenous variation in the number of spectators at matches in the Italian soccer league. Due to tightened safety regulation in stadiums, some soccer teams must temporarily play home matches in empty stadiums. We find that referees punish away players much more harshly and home players much more lightly when the games are played in front of spectators compared to when they are not. We find no evidence for the alternative hypothesis that empty stadiums affect home and away player behavior differently, e.g., in terms of tackling. Our results therefore suggest that referees exhibit home bias caused by social pressure from the spectators.

Keywords/JEL-Code: Social Pressure Incentives Natural Experiments D8, J2

Friday 11 September, 16:30 - 18:30

C09 - Personnel Economics: Organization 1

Diversity at the Workplace: Whom Does it Benefit?

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We examine whether firms and their employees benefit from age and other kinds of diversity. At the plant level, we explain productivity with work force characteristics. There is evidence that age diversity is positively and educational diversity negatively related to productivity, but the age profile of productivity is rather flat. These conclusions are robust to using alternative estimators (fixed effects, GMM, and Olley-Pakes approach). Individual gains are evaluated by estimating earnings equations, where the explanatory variables include individual demographic variables, plant level work force characteristics and variables that describe the individuals' relative position in the age, seniority, education, and gender structure of the plant. The plant-level dispersions and measures of the relative position of the individuals have fairly modest effects on individual wages, compared to the effects of the plant average levels of the characteristics. It therefore seems that the gains from age diversity or costs of educational diversity experienced at the plant level are not fully transmitted to the individual level.

Keywords/JEL-Code: productivity, diversity, wages J10, J24, J31, M52

Friday 11 September, 16:30 - 18:30
C10 - Retirement and Early Exit: Financial Incentives

Transitions between Employment, Unemployment and Retirement: The Effect of Financial Incentives and Business Cycle Fluctuations

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In this paper we analyze the determinants of the transitions between employment, unemployment and retirement experienced by a sample of senior Spanish workers. In particular, we try to throw light on the sensitivity of individual decisions to the incentives provided by the pension and unemployment regulations, and to the role of the business cycle in labor transitions. In the Spanish case, retirement pension is reduced by 7.5% for each year the individual brings retirement forward (from the normal retirement age). However, the unemployment benefit provides an exit route into early retirement that largely avoids this penalty. We explore the effect of the incentive mechanisms involved in these policies by estimating discrete-time duration models for employees and unemployed workers aged 50 or older, using the recently released MCVL (Muestra Continua de Vidas Laborales) dataset. We derive the joint likelihood of all the observed transitions each individual in the sample goes through, taking into account the effects of unobserved factors in those transitions. The joint consideration of both the employment and unemployment spells of the same worker is important in order to properly identify the effect of economic incentives over her decisions of both quitting from the job, searching for a new job or retiring (as employed or as unemployed). Our preliminary results point out that the economic incentives implicit in the design of Unemployment Benefits and the rules of early retirement are highly influencing in the decisions of Spanish workers.

Keywords/JEL-Code: Retirement, duration models, unobserved heterogeneity, business cycle economic incentives J14, J26, J25, J64

Friday 11 September, 16:30 - 18:30
C10 - Retirement and Early Exit: Financial Incentives

Shattered Dreams: The Effects of Changing the Pension System Late in the Game

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This paper assesses the impact of a dramatic reform of the Dutch pension system on mental health, savings behavior and retirement expectations of workers nearing retirement age. The reform means that public sector workers born on January 1, 1950 or later face a substantial reduction in their pension rights while workers born before this threshold date may still retire under the old, more generous rules. We employ a unique matched survey and administrative data set comprising male public sector workers born in 1949 and 1950 and find strong ex ante effects on mental health for workers who are affected by the reform. This effect increases as birth dates approach the threshold date. Furthermore, the effects differ in accordance with worker characteristics. Finally, we find that the response of those affected by the reform is to work longer and to save more.

Keywords/JEL-Code: mental health retirement causal effect J14, J26, I12

Friday 11 September, 16:30 - 18:30
C10 - Retirement and Early Exit: Financial Incentives

The Impact of a Phased Retirement Program: A Case Study

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Phased retirement has been discussed as a means for increasing labour supply for people of older active age. The idea is that instead of leaving a full-time job early for full-time retirement, an employee should reduce the working time either in the same job or by changing jobs, and stay on in the labour market. In this paper we analyze the factors that influence the decision to take up a part-time pension and continue working at the same work place at reduced hours. We do this by using a unique data set from one employer in the governmental sector in Sweden, Stockholm University. The pension scheme is a special part-time pension scheme introduced for state employees in 2003. Employees 61 years and older can apply for a part-time pension up to the age of 65. The employers decide if they will accept or reject the application. They may also encourage employees to apply or discourage them from doing so. We have a data set covering all employees of the age groups who are eligible and a rich data set with information on the employees and also on the units (departments) who in practice decide if an application should be accepted or not. We find that both the effects on pension wealth of taking a part-time pension, and the economic situation of the department are important for the propensity for becoming a part-time pensioner. Also individual characteristics such as gender, age, earnings and occupation are important.

Keywords/JEL-Code: phased retirement part-time pension early exit J24, J26, J14, H55

Friday 11 September, 16:30 - 18:30
C10 - Retirement and Early Exit: Financial Incentives

Impact of Early Retirement Incentives on Labor Market Participation: Evidence from a Parametric Change in the Czech Republic

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We investigate the impact of changes in the early retirement scheme on the labor force participation of older male workers in the Czech Republic in 2001. Using difference-in-differences method we find a reduction in early-retirement benefits by 2-3 % leads to approximately the same decrease in the probability to be inactive for treatment group: older male workers, who are eligible for early retirement benefits. Our findings imply relatively high elasticity of the participation rate of the older male workers. The public policy implication is that a reduction in early retirement benefits can serve as very effective tool to increase participation of older men on the labor market.

Keywords/JEL-Code: early-retirement, labor market participation, Cz J21, J26

Friday 11 September, 16:30 - 18:30
C10 - Retirement and Early Exit: Financial Incentives

New Evidence on Financial Incentives and the Timing of Retirement

Barbara Hanel, Regina Riphahn

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We investigate the responsiveness of individual retirement decisions to changes in financial incentives. The causal effect is identified by the natural experiment involved in an institutional reform. The results of a binary retirement model are robust to alternative specifications such as a competing risks discrete time hazard framework allowing for endogenous panel attrition and unobserved individual-specific heterogeneity. We find strong behavioral effects of changes in financial retirement incentives. A permanent reduction of retirement benefits by 3.4 percent

induces a decline in the retirement probability by about 40 percent. The impact of a given financial reform on observed behavior does not change over time suggesting that retirement behavior does not follow a social norm.

Keywords/JEL-Code: retirement insurance, incentives, social security natural experiment Switzerland J26

Friday 11 September, 16:30 - 18:30

C11 - Wage Inequality 2

Unobserved Worker Ability, Firm Heterogeneity, and the Returns to Schooling and Training

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It is well known that unobserved heterogeneity across workers and firms seriously impacts the computation of the determinants of individual earnings in standard human capital earnings functions. Following the tradition of AKM (Abowd, Kramarz, and Margolis, 1999), this paper offers an alternative way of controlling unknown worker and firm heterogeneity by taking full advantage of a matched employee-employer dataset based on two key Portuguese micro databases. Our modelling strategy assumes that the gap between individual and firm average wages, unexplained by differences in observable characteristics, gives the extent to which the unobserved ability of a given individual deviates from the unobserved worker average ability in the firm. This methodology has, in particular, the advantage of not relying exclusively on information on job switchers to identify worker and firm effects, thus avoiding any bias arising from endogenous worker mobility. Another important aspect of our treatment is that it allows the estimation of worker effects without risk of contamination from firm effects. To test our modelling we use an original 2-year longitudinal LEED dataset, comprising of more than 400 thousand workers and 1,500 firms in each year. We focus on two separate sets of individuals (i.e. stayers and switchers) and provide a variety of robustness tests, including replication of the original AKM methodology. After controlling worker and firm effects, our results show that the acquisition of schooling, labor market experience, and training, inter al., pays off. Moreover, we do find evidence of a large bias in standard OLS return rates to typical covariates. Evidence from Monte Carlo simulation and bootstrapping also shows that our estimated rates of return to human capital do not seem to be sensitive to changes in various assumptions. Our study does provide therefore further evidence that a wide set of individual and firm characteristics is crucial to understanding the true role of human capital variables in labor markets.

Keywords/JEL-Code: Human Capital Unobserved Heterogeneity Earnings J24, J31, C23, C81

Friday 11 September, 16:30 - 18:30

C11 - Wage Inequality 2

The Immigrant Wage Gap in Germany

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Immigrants consist of foreigners and citizens with immigration background. Based on data from GSOEP, we decompose the wage gap between each of these two groups and natives in Germany. The estimates show a substantial gap for both groups with respect to natives. Discarding immigrants who completed education abroad reduces much of the immigrants' wage gap. This implies educational attainment in Germany is an important component of economic integration and degrees obtained abroad are valued less.

Keywords/JEL-Code: Immigration educational attainment decomposition J61, J31, J15

Friday 11 September, 16:30 - 18:30

C11 - Wage Inequality 2

Can a Task-Based Approach Explain the Recent Changes in the German Wage Structure?

Dirk Antonczyk, Ute Leuschner, Bernd Fitzenberger

Albert-Ludwigs-University Freiburg, FREIBURG, Germany

This paper investigates the changes in the German wage structure for full-time working males from 1999 to 2006. Our analysis builds on the task-based approach introduced by Autor et al. (2003), as implemented by Spitz-Oener (2006) for Germany, and also accounts for job complexity. We perform a Blinder-Oaxaca type decomposition of the changes in the entire wage distribution between 1999 and 2006 into the separate effects of personal characteristics and task assignments. In line with the literature, we find a noticeable increase of wage inequality between 1999 and 2006. The decomposition results show that the changes in personal characteristics explain some of the increase in wage inequality whereas the changes in task assignments strongly work towards reducing wage inequality. The coefficient effect for personal characteristics works towards an increase in wage inequality at the top of the wage distribution. The coefficient effect for the task assignments on the contrary shows an inverted U-shaped pattern. We conclude that altogether the task-based approach can not explain the recent increase of wage inequality in Germany.

Keywords/JEL-Code: wage inequality skill biased technical change polarization J24, J31, D31, C43

Friday 11 September, 16:30 - 18:30

C11 - Wage Inequality 2

Gender Wage Differentials in Italy: A Structural Estimation Approach

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This paper studies gender wage differentials in Italy by providing a structural estimation of the frictional parameters of two different theoretical specifications of an equilibrium search model. I alternatively allow for firm heterogeneity and discrimination empirically using maximum likelihood and matching first moments in the data. Results indicate substantial differences in transition parameters with higher level of search frictions for women. The mapping from productivity to wages for men is highly non linear, with high productivity firms offering proportionally higher wages; for women, the relationships is almost linear. Including discrimination, I find that productivity accounts for 61% of the wage offer differential, search for 28% and 11% is the part of discrimination.

Keywords/JEL-Code: Search Gender Wage J31

Friday 11 September, 16:30 - 18:30

C11 - Wage Inequality 2

The Gender Wage Gap in Denmark: The Impact of Working Conditions and Family Factors

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The gender wage remains relatively constant over time in Denmark as in other Western countries. This fact is despite the decreasing educational gap as well as the gap in labour market experience between women and men. The purpose of this paper is to analyse whether differences between women and men in job-related factors contributes to explaining the gender wage gap. In addition, we analyse the potential impact of family factors. The analysis uses a new data set on dual-earner couples with children that includes more detailed working conditions than the data sets traditionally used. The starting point of the analysis is the Blinder-Oaxaca decomposition. This analysis is then extended by looking at the gender wage gap at different point of the wage distribution, using quan-tile regressions. Preliminary results show that both working conditions and family factors play an important role in explaining the gender wage gap in Denmark. We find that family factors are quan-titatively more important than working condition factors which will be explored more in the next version of the paper.

Keywords/JEL-Code: Gender wage gap wage decompositions working conditions J31, J16, J81

Friday 11 September, 16:30 - 18:30
C12 - Supporting and Organizing the Welfare State

With or without You: Consumption Complementarities and Divorce Rates in the USA

Domenico Tabasso

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The aim of this article is to test the possibility of studying the dynamics of the American divorce rate through the explicit introduction of 'consumption complementarities' within the household, as suggested by Stevenson and Wolfers (JEP, 2006). The paper has a purely empirical approach and makes use of two main data sources. On the one hand, the extent of the changes in time consumption patterns of couples in the last forty years are analysed via the American Time Use Data; the impact of these changes on divorce probabilities are then studied making use of several datasets from the National Longitudinal Study, covering the period 1967-2004. The results tend to confirm the emergence over time of new schemes of time consumption among American families. These findings, together with the way couples share household responsibilities, might play a relevant role in shaping individuals' marital market decisions and can be used to at least partially explain the trends in the divorce rate.

Keywords/JEL-Code: Divorce, Consumption, Time Use, Survival Analysis J12, J16

Friday 11 September, 16:30 - 18:30
C12 - Supporting and Organizing the Welfare State

The Influence of Gender on Labour Market Outcomes of the 'Poorest of the Poor'

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The under utilisation of female labour in developing countries, is increasingly being stated as one of the next major obstacles to furthering poverty reduction. Bangladesh is a particularly interesting case in this regard, having experienced large increases in female labour participation and yet significant proportions of the population are in extreme poverty. Despite this, relatively few papers have looked at labour supply issues for this country, using national data. This paper seeks to fill this gap by modelling labour market outcomes for a nationally representative sample of working aged individuals. Here we find evidence of a negative relationship between extreme poverty and participation, especially for females. In addition, we also find that for women being in a female headed household has a large positive effect on participation, especially in self-employment (non-agricultural) and daily wage employment. Interestingly, such a finding persists after controlling for poverty status.

Keywords/JEL-Code: Gender, Poverty, Labour Supply d13, I32, j16, j21

Friday 11 September, 16:30 - 18:30

C12 - Supporting and Organizing the Welfare State

Estimating the Economies of Scale and the Sharing Rule in a Collective Household Model

Michael Gerfin, Aline Bütikofer

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How large are the economies of scale of living together? How do partners share their resources? Traditional application of equivalence scales assumes equal sharing of income within the household. This paper uses data on financial satisfaction to estimate the sharing rule and the economy of scale parameter in a collective household model. The estimates indicate substantial scale economies of living together, especially for couples who have lived together for some time. On average, wives receive almost 50% of household income, but there is heterogeneity with respect to the wives' contribution to household income and the duration of the relationship.

Keywords/JEL-Code: Collective Household Models Equivalence Scale D12

Friday 11 September, 16:30 - 18:30

C12 - Supporting and Organizing the Welfare State

Social Jealousy and Stigma: Negative Externalities of Social Assistance Payments in Germany

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This paper examines the role of social assistance payments (SAP or Sozialhilfe) in determining levels of life satisfaction in Germany using the SOEP 1995-2004. We find strong evidence that individuals in Germany are negatively influenced by increased SAP payments controlling for income, whether or not they actually receive such payments (stigma and social jealousy). While there are obvious benefits to making SAP to those needy, there are substantial negative externalities experienced by those who neither receive SAP nor qualify (counterfactual SAP). Furthermore, these negative effects are even stronger for those who do receive benefits (stigma) suggesting that social jealousy and stigma are a force to be reckoned with when evaluating social policy. We show that the added benefits of increasing SAP are reduced by 50 to 100% because of social jealousy and stigma costs, whereas child benefits (Kindergeld) are seen to enhance life satisfaction over and above a simple income effect. Further, own-earned income, over and above the SAP subsistence level is valued much higher than transfer payments at the SAP subsistence level, suggesting a policy focus on increasing employment integration efforts for SAP recipients as opposed merely to providing SAP transfers.

Keywords/JEL-Code: Well Being Life Satisfaction Social Assistance I31, I38, J64

Saturday 12 September, 09:00 - 11:00

D01 - Discrimination and Ethnicity

The Impact of Being Monitored on Discriminatory Behavior among Employers - Evidence from a Natural Experiment

Magnus Carlsson

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Today there is a variation within the EU to what extent nations allow for situation test results to constitute mass of evidence in court in order to prevent ethnic discrimination. In the UK The Equality and Human Rights Commission has the right to conduct discrimination tests and to even prosecute firms, implying that discriminating firms face the risk of a significant penalty. Other European countries have been reluctant to use such tests as a tool for counteracting discrimination and discuss a much softer version with only monitoring. In this study two labor market field experiments, sending qualitatively identical job applications with randomly assigned Swedish and Middle Eastern sounding names to employers, show that ethnic discrimination exists in hiring in the Swedish labor market. In both studies extensive media coverage occurred when being only halfway finished informing employers of their hiring practices being monitored by such situation testing. This study utilizes these unique events and the data from the experiments to perform a difference-in-differences analysis of whether discrimination decreased after the media coverage. The results reveal no sign of employers changing their hiring practices when being aware of running the risk of being included in such an experiment. This suggests that the detection risk alone is not sufficient if authorities wish to use field experiments as a discrimination prevention strategy. Instead, it must be combined with some penalty to become effective.

Keywords/JEL-Code: ethnic discrimination correspondence testing field experiments J64, J71

Saturday 12 September, 09:00 - 11:00
D01 - Discrimination and Ethnicity

Explicit Discrimination in Hiring: Evidence from a Chinese Internet Job Board

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We study patterns of firms' advertised gender preferences in a sample of job ads posted on an internet board in China, and interpret these patterns using a simple nonsequential employer search model. We find that firms are less likely to express a gender preference in either direction when the expected number of applicants per vacant position is low, when the firm has some foreign ownership, and when the job demands a high level of education or management experience. At the same time, firms' advertised preferences move towards men and away from women as firms grow in size, when they are state-owned, and when the job requires a higher level of experience.

Keywords/JEL-Code: Internet job board gender discrimination discrimination in hiring J7, J16, J23

Saturday 12 September, 09:00 - 11:00
D01 - Discrimination and Ethnicity

Discrimination against Immigrants in the Spanish Rental Market. Evidence from Field Experiments

M. Angeles Carnero, Mariano Bosch, Lidia Farre
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This paper quantifies and investigates the sources of discrimination against immigrants in the Spanish rental market. Two field experiments are conducted. The first one is an audit study where matched pairs of auditors, one Spaniard and another one with a markedly foreign accent, make phone calls in response to internet ads to arrange an invitation for a flat showing. By comparing invitations received by the two groups we conclude that immigrants have a 10% less chances of being invited to a flat showing than natives. The second experiment is a correspondence test where emails are sent to vacant rental apartments. Three different emails

are sent: one from a native with detailed information about his/her employment and occupational situation; a second from a foreigner disclosing similar information; and a third one from a foreigner without any information other than the name. Preliminary results indicate that disclosing information increases the probability of being invited to a flat showing, and that negative attitudes against immigrants, specially against males, seems to be an important source of discrimination. Keywords/JEL-Code: Migration Rental Market Field Experiment J15, R23, C93

Saturday 12 September, 09:00 - 11:00
D01 - Discrimination and Ethnicity

Discrimination and Employment Protection

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²Oslo University, OSLO, Norway

We study a search model with firing cost. We show that there exists an equilibrium with discriminatory hiring standards of worker only differing in an observable characteristic determining their type. Even though the firm can observe the workers' expected productivity at the hiring stage, it still may condition its hiring standard on group belonging, due to feedback effects of other firm' hiring standards. The model predicts higher unemployment rates, stricter hiring standards, longer tenure for discriminated workers and a positive relation between employment protection and relative unemployment rates for discriminated workers.

Keywords/JEL-Code: Discrimination, employment protection J70, J60

Saturday 12 September, 09:00 - 11:00
D02 - Education and Effects of Parents

The Effect of Parents' Education and Childhood Environment on their Children's Education

Noam Zussman, Roni Frish

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This paper examines the extent to which intergenerational correlations in educational attainment (and income) in Israel are due to nature versus nurture. Parents' age on arrival in Israel as child immigrants was used as an instrumental variable, focusing on the mass immigration from Asia and Africa immediately following the establishment of the State in 1948. This wave of immigration was largely non-selective and the age of the child immigrants on arrival was independent of their families' socioeconomic characteristics and their cognitive abilities. Based on a rich data set, the study shows that the older the children were on arrival in Israel, the lower their level of educational attainment, which reflects the advantage very young immigrants had in achieving a successful absorption. Our main finding is that there is no causal effect between, on the one hand, the environment in which parents from Asia-Africa grew up and their educational attainment, and their children's educational attainment on the other. The intergenerational correlation in years of schooling, however, was statistically significant at about 0.2, and may be the result of non-environmental effects, such as heredity. Nevertheless, we cannot rule out the possibility that affirmative action policies in allocating resources within the education system weakened the intergenerational causal correlation estimated in the study.

Keywords/JEL-Code: intergenerational correlation causation education I20, J62

Saturday 12 September, 09:00 - 11:00
D02 - Education and Effects of Parents

The Effect of Parents' Schooling on Child's Schooling; A Nonparametric Bounds Analysis

Monique De Haan

University of Amsterdam, AMSTERDAM, Netherlands

This paper uses a new approach to investigate the effect of parents' schooling on child's schooling; a nonparametric bounds analysis based on Manski and Pepper (2000), using the most recent version of the Wisconsin Longitudinal Study. We start with making no assumptions and then add some relatively weak and testable assumptions to tighten the bounds. Although the bounds on the treatment effects include a zero effect, the upper bounds are informative especially for the effect of increasing parents' schooling from a high school degree to a bachelor's degree. Both for the effect of mother's schooling as for the effect of father's schooling the nonparametric upper bounds are significantly lower than the OLS results.

Keywords/JEL-Code: Intergenerational mobility nonparametric bounds analysis education I2; J62; C14

Saturday 12 September, 09:00 - 11:00

D02 - Education and Effects of Parents

Parental Job Loss, Income Shocks and the Education Enrolment of Youth

Michael Coelli

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Parental job loss from layoffs and business failures that occur when youth complete high school are found to be negatively correlated with enrolment at university and community college. Estimates from a year-to-year education transition model using longitudinal data on youth and their parents are employed to identify both immediate and lagged effects of parental job loss on education transitions. It is argued that these results can be interpreted as evidence of a potential causal effect of parental income on youth education attainment, as job losses are likely to have persistent and exogenous negative effects on parental income.

Keywords/JEL-Code: Education Job loss parental income J24, J62, J63

Saturday 12 September, 09:00 - 11:00

D02 - Education and Effects of Parents

Family Background, Self-Confidence and Economic Outcomes

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In this paper we study the intergenerational persistence of economically relevant outcomes such as educational attainments and earnings. We argue that self-confidence, transmitted by the socio-economic background, provides a strong channel through which education and earning inequality is perpetuated from one generation to the next. Low (high) levels of confidence generates wrong beliefs about one's ability, which can end up being self-fulfilled in equilibrium. A theoretical model is presented, as well as some empirical results lending support to the model's hypothesis and predictions.

Keywords/JEL-Code: Self-Confidence Skill Accumulation Intergenerational Mobility J24, J62, D83

Saturday 12 September, 09:00 - 11:00

D02 - Education and Effects of Parents

Do Smart Parents Raise Smart Children? The Intergenerational Transmission of Cognitive Abilities

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Complementing prior research on income mobility and educational transmission, we provide evidence on the intergenerational transmission of cognitive abilities using data from the German Socio-Economic Panel Study. Our estimates suggest that individuals' cognitive skills are positively related to the abilities of their parents, even when educational attainment and family background is controlled for. We differentiate between mothers' and fathers' IQ transmission and find different effects on the cognition of sons and daughters. We show that cognitive skills which are based on past learning are more strongly transmitted from parents to children than cognitive skills which are related to innate abilities. Our findings are not compatible with a pure genetic model, but rather point to the importance of parental investments for the cognitive outcomes of children.

Keywords/JEL-Code: Cognitive abilities Intergenerational IQ transmission Skill formation J10, J24, I20

Saturday 12 September, 09:00 - 11:00
D03 - Education and Returns 1

Earnings and Occupational Status Returns to Lifelong Learning

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This paper investigates the returns from lifelong learning, as measured by qualification achievement after a period in the labour market. We depart from other studies by using the annual panel data of the British Household Panel Survey (BHPS) and considering two outcomes, hourly earnings and the CAMSIS score (a measure of occupational status). A fixed effects methodology is used to counter endogeneity bias and lagged effects are estimated to demonstrate how the returns from lifelong learning evolve in the year after the qualification is obtained and up to ten years later. We find evidence of general returns to lifelong learning to both earnings and CAMSIS for both men and women. Analysis by age group reveals that earnings returns are concentrated among younger groups, while estimation by qualification level indicates that higher level qualifications exhibit higher earnings returns, occupational returns are less strongly affected by the level of qualification obtained.

Keywords/JEL-Code: Lifelong learning Earnings Social status I20, I28, J24

Saturday 12 September, 09:00 - 11:00
D03 - Education and Returns 1

An Investigation on the Pay-Off to Generic Competences for Core Employees in Catalan Manufacturing Firms

Ferran Mane, Daniel Miravet

Universitat Rovira i Virgili, REUS, Spain

The aim of this paper is to measure the returns to human capital. We use a unique data set consisting of matched employer-employee information. Data on individuals' human capital include a set of 26 competences that capture the utilization of workers' skills in a very detailed

way. Thus, we can expand the concept of human capital and discuss the type of skills that are more productive in the workplace and, hence, generate a higher payoff for the workers. The rich information on firm's and workplace characteristics allows us to introduce a broad range of controls and to improve previous research in this field. This paper gives evidence that the returns to generic competences differ depending on the position of the worker in the firm. Only numeracy skills are reward independent of the occupational status of the worker. The level of technology used by the firm in the production process does not directly increase workers' pay, but it influences the pay-off to some of the competences.

Keywords/JEL-Code: returns to competences; skills; wage differences j24, j31

Saturday 12 September, 09:00 - 11:00

D03 - Education and Returns 1

Returns to Education Using the Finnish Twin Data

Mari Rantanen

Statistics Finland (Doctoral Student at Helsinki School of Economics), STATISTICS FINLAND (HELSINKI), Finland

This study estimates the monetary rate of return to education that is the effect of an additional year of schooling to monthly earnings in Finland during years 1990-2004. The study combines Finnish Twin Data collected by the Department of Public Health in University of Helsinki with the Finnish Longitudinal Employer-Employee Data from Statistic Finland. The twin data consists of information on symptoms of diseases and risk factors from health questionnaires of years 1975, 1981 and 1990 mailed to all identical Finnish twins born before 1958 and still alive in 1975. Twin difference estimates of returns to education eliminate the endogeneity bias induced by innate ability and other hard-to-define, hard-to-measure factors relating to the family background. OLS estimates omitting this endogeneity of education variable are shown to be upward biased. Instrumentation of schooling variable in order to minimize measurement error accentuated in twin difference estimations produces return to education estimates higher than both the OLS and twin difference approaches. Once idiosyncratic health shock variables are added to instrumented twin difference estimations as controls for in-pair differences, even higher returns to education estimates are attained.

Keywords/JEL-Code: returns to education identical twins J31

Saturday 12 September, 09:00 - 11:00

D03 - Education and Returns 1

The Causal Effect of Education on Wages Revisited

Matt Dickson

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This paper estimates the return to education using two alternative instrumental variable estimators: one exploits variation in schooling associated with early smoking behaviour, the other uses the raising of the minimum school leaving age. Each instrument estimates a 'local average treatment effect' and my motivation is to analyze the extent to which these differ and which is more appropriate for drawing conclusions about the return to education in Britain. I implement each instrument on the same data from the British Household Panel Survey, and use the over-identification to test the validity of my instruments. I also exploit the dual sources of exogenous variation in schooling to derive a further IV estimate of the return to schooling. I find that both instruments are valid and that the OLS estimate is considerably downward biased (around 4.6%) compared with the IV estimates of 12.9% (early smoking), 10.2% (RoSLA) and 12.5% (both instruments).

Keywords/JEL-Code: human capital local average treatment effect endogeneity I20, J30

Saturday 12 September, 09:00 - 11:00
D03 - Education and Returns 1

On the Sensitivity of Return to Schooling Estimates to Estimation Methods, Model Specification, and Influential Outliers if Identification is Weak

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We provide a comparison of return to schooling estimates based on an influential study by Angrist and Krueger (1991) using two stage least squares (TSLS), limited information maximum likelihood (LIML), jackknife (JIVE), and split sample instrumental variables (SSIV) estimation. We find that the estimated return to education is quite sensitive to the age controls used in the models as well as the estimation method used. Although JIVE is the preferred estimator on a priori grounds with weak identification, we provide evidence that JIVE coefficients' standard errors are inflated by a group of extreme years of education observations, for which identification is especially weak. We propose to test for first-stage outliers in order to identify the influential ones having substantial influence on first-stage JIVE coefficients and fitted values. Only from a truncated sample we obtain plausible and statistically significant results from JIVE, that are robust to the way we test for outliers.

Keywords/JEL-Code: returns to education weak instruments outliers C13, C31, J31.

Saturday 12 September, 09:00 - 11:00
D04 - Health and Job Satisfaction and the Workplace

Response Bias in Job Satisfaction Surveys: English General Practitioners

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Job satisfaction may affect the propensity to respond to job satisfaction surveys, so that estimates of average satisfaction and the effects of determinants of satisfaction may be biased. We examine response bias using data from a postal job satisfaction survey of family doctors. We link all the sampled doctors to an administrative database and so have information on the characteristics of responders and non-responders. Allowing for selection increases the estimate of mean job satisfaction in 2005 and the estimated change in mean job satisfaction between 2004 and 2005. Estimates of the determinants of job satisfaction are generally insensitive to response bias.

Keywords/JEL-Code: Job satisfaction Response bias Sample selection J28, J44, I18

Saturday 12 September, 09:00 - 11:00
D04 - Health and Job Satisfaction and the Workplace

Boon or Bane? Others' Unemployment, Well-being and Job Insecurity

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The social norm of unemployment suggests that aggregate unemployment reduces the well-being of the employed, but has a far smaller effect on the unemployed. We use German panel data to reproduce this standard result, but then suggest that the appropriate distinction may not

be between employment and unemployment, but rather between higher and lower levels of labour-market security. Persons with good job prospects, both employed and unemployed, are strongly negatively affected by regional unemployment. However, the insecure employed and the poor-prospect unemployed are less negatively, or even positively, affected. We use our results to analyse labour-market inequality and unemployment hysteresis.

Keywords/JEL-Code: life satisfaction unemployment job insecurity I31, D84, J60

Saturday 12 September, 09:00 - 11:00

D04 - Health and Job Satisfaction and the Workplace

How Does Innovation Affect Worker Well-being?

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²Institute of Social Research, OSLO, Norway

Using private sector linked employer-employee data for Britain we explore the effects of management innovations on worker well-being. We find management innovations are associated with lower worker well-being and lower job satisfaction, an effect which becomes more pronounced when we account for the endogeneity of innovation. The effect is ameliorated when workers are covered by a collective bargaining agreement

Keywords/JEL-Code: well-being job satisfaction innovation J28; J51; J81; L23; O31

Saturday 12 September, 09:00 - 11:00

D04 - Health and Job Satisfaction and the Workplace

Working Conditions, Mental Health and Psychological Well-Being in European countries

Elena Cottini, Claudio Lucifora

Catholic University of Milan, MILANO, Italy

Increased pressure for higher labour flexibility and recent changes in labour market regulation and working arrangement have fostered the idea that working conditions, in most Oecd countries, have progressively deteriorated with adverse effects on mental health as well as subjective job well-being. This paper investigates the links between employment arrangements, working conditions and mental health using cross-country evidence for a number of European countries. We use different waves of the European Working Conditions Survey (1995, 2000, 2005) to document recent patterns in mental health at the workplace and to assess how these are related to various job attributes. We find that there is substantial heterogeneity in mental health incidence at the workplace both across countries and different labour market groups. We show that working in shifts, performing complex and intensive tasks, having restricted job autonomy and poor relations with colleagues and experiencing discrimination leads to a higher probability of reporting mental health problems. We also find significant differences by gender, firm attributes, industry and occupational structure. Finally labour market institutions are relevant in explaining cross country differences.

Keywords/JEL-Code: mental health working conditions labour market institutions J28 J81 I10 C25

Saturday 12 September, 09:00 - 11:00

D05 - Labour Demand

Employment Generation by Small Producers in Spain

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Despite the relevance in terms of policy, we still know little in Spain about where and by whom jobs are created, and how that is affecting the size distribution of firms. The main innovation of this paper is to use a rich database that overcomes the problems encountered by other firm-level studies to shed some light on the employment generation of small firms in Spain. We find that small firms contribute to employment disproportionately across all sectors of the economy although the difference between their employment and job creation share is largest in the manufacturing sector. The job creators in that sector are both new and established firms whereas only new small firms outperform their larger counterparts in the service sector. The large annual job creation of the small firm size class is shifting the firm size distribution towards the very small production units, although not uniformly across industries of different technology intensity.

Keywords/JEL-Code: Firm-level data Employment creation and destruction Firm size distribution L11; J20

Saturday 12 September, 09:00 - 11:00
D05 - Labour Demand

The Timing of Labor Demand

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We examine the timing of firms' operations in a formal model of labor demand. Merging a variety of data sets from Portugal from 1995-2004, we describe temporal patterns of firms' demand for labor and estimate production-functions and relative labor-demand equations. The results demonstrate the existence of substitution of employment across times of the day/week and show that legislated penalties for work at irregular hours induce firms to alter their operating schedules. The results suggest a role for such penalties in an unregulated labor market, such as the United States, in which unusually large fractions of work are performed at night and on weekends.

Keywords/JEL-Code: Labor demand Time use Wage penalty J23; J78

Saturday 12 September, 09:00 - 11:00
D05 - Labour Demand

Does it Pay to be a Woman? Labour Market Effects of Maternity-related Job Protection and Replacement Incomes

Beatrice Scheubel

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It is often considered to be unwise to hire a woman in childbearing age for a highly demanding job because of the pregnancy risk. Women in childbearing age are potentially covered by maternity-related welfare politics, which consist of both job protection laws and a replacement income entitlement. While the effect of maternity leave legislation on mother's labour market outcomes has been extensively analysed, the employers' reaction to these potential costs is less well-understood. This paper tries to fill this gap by analysing the labour market effects of maternity-related job protection and replacement income measures without restricting the analysis to mothers. I exploit exogenous discrete changes in German maternity leave legislation, which constitute a quasi-experimental setting, to use a difference-in-differences approach for identification. An extension in the job protection and pay period lowers the probability of finding employment by around 3% for women without a university degree. Women with a university degree are mainly affected when the pay and job protection period are very long. Only the

combination of both measures worsens the labour market position of women in childbearing age. I do not find that women have to accept a wage penalty, so employers mainly react with restrictive hiring.

Keywords/JEL-Code: maternity leave legislation, gender pay gap education, hiring decision, unemployment J23, J16, J31, J64, K31

Saturday 12 September, 09:00 - 11:00
D05 - Labour Demand

The Importance of Age for the Reallocation of Labor: Evidence from Swedish Linked Employer-Employee Data 1986-2002

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The flows of jobs and workers give evidence of the complexity of the dynamics on the labour market, even when net employment does not alter much. Although the heterogeneity of establishments is often taken into account, workers are generally treated as homogeneous. There are, however, several reasons to question this assumption. Both worker and firm decisions based on human capital investments, adjustment costs and wage costs are likely to result in age-specific effects. To study job and worker flows and the cyclical pattern across age groups, we use employer-employee data covering the whole Swedish economy from 1986 to 2002. We find that job and worker flows vary across, as well as within, age groups. Flows are lower for older than for younger workers. The differences between the age groups are mainly explained by large differences in job creation rates while job destruction rates are much more similar across age groups. Job reallocation were found to be countercyclical among the oldest workers, and acyclical for the youngest and the middle-aged workers, implicating that firing costs are lower for older workers. Worker reallocation for the youngest workers shows a strong procyclical pattern due to both more hirings and separations during up-turns. The oldest workers, on the other hand, have significantly more separations during downturns. The effects found for different age groups may at least partly depend on their educational level. In order to separate effects of age and education, a multinomial logistic model was estimated. Even when controlling for educational level, among various other variables, the estimated age effects are substantial.

Keywords/JEL-Code: Linked employer-employee data Job and worker flows Age J21, J23, J62, J63

Saturday 12 September, 09:00 - 11:00
D06 - Labour Market Policies 2

Formal Education Versus Learning-by-Doing

Thérèse Rebière, Frédéric Gavrel, Isabelle Lebon

CERENE, University of Le Havre, LE HAVRE CEDEX, France

This paper studies the efficiency of educational choices in a search-matching model where individuals face a tradeoff between acquiring formal education and learning-by-doing while on-the-job. The labor market is hierarchically segmented into two sectors. When their educational effort is successful, (educated) workers can directly obtain a high-skill / better-paying job; whereas when their effort is unsuccessful, uneducated workers must begin with a low-skill job, learn-by-doing and then search while on-the-job for a high-skill job. We state that low-skill firms suffer from a hold-up behavior by high-skill firms which create too many jobs. Job creation is thus suboptimal in the low-skill sector, and individuals devote too much effort to formal education. A self-financed tax and subsidy policy restores market efficiency.

Keywords/JEL-Code: Formal education; Learning-by-doing; Market efficiency; On-the-job search; Search unemployment H21, I20, J21, J64, J68.

Saturday 12 September, 09:00 - 11:00
D06 - Labour Market Policies 2

Price, Wage and Employment Response to Shocks: Evidence from the WDN Survey

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This paper analyses information from the survey data collected in the framework of the Eurosystem Wage Dynamics Network (WDN) on patterns of firm-level adjustment to shocks. We document that the relative intensity and the character of price vs. cost and wage vs. employment adjustments in response to cost-push shocks depend, in theoretically sensible ways, on the intensity of competition in firms' product markets; on the composition of the work force; on the importance of collective wage bargaining; and on other structural and institutional features of firms and of their environment. Estimated coefficients allow for assessing the implications of possible labour market policy reforms and structural convergence in Europe and in the euro area, contrasting the aggregate implications of currently observed adjustment strategies to those of counterfactual configurations of unionisation and product market competitiveness patterns.

Keywords/JEL-Code: wage bargaining, institutions survey data European Union J31, J38, P5

Saturday 12 September, 09:00 - 11:00
D06 - Labour Market Policies 2

Separate and Joint Efficiency of Unemployed Training Programmes in Latvia

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Centre d'Etudes de l'Emploi, PARIS, France

This paper evaluates the efficiency of three unemployed training programmes in Latvia: (i) unemployed occupational training (vocational training, re-qualification and rising of qualifications); (ii) state language training for non - Latvians; (iii) modular training programme (training in foreign language, computer literacy, project management and business operation, driving). We also investigate the heterogeneity in programme effects across various socio - demographic (gender, age, education, region) groups and try to establish an empirical link between targeting of the programme and its efficiency. Finally, the question of potential substitutability and/or complementarity between various programme types is addressed.

Keywords/JEL-Code: policy evaluation, unemployed training propensity score matching, heterogenous effects sensitivity analysis C13, J68, H43

Saturday 12 September, 09:00 - 11:00
D06 - Labour Market Policies 2

Déjà Vu? Short -Term Training in Germany 1980-1992 and 2000-2003

Bernd Fitzenberger¹, Olga Orlyanskaya¹, Aderonke Osikominu², Marie Waller¹

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²University College London, LONDON, United Kingdom

Short-term training has recently become the largest active labor market program in Germany. This paper estimates the effects of short-term training programs in West Germany starting in the time period 1980 to 1992 and 2000 to 2003 regarding the two outcomes employment and participation in longer training programs. We find that short-term training shows mostly persistently positive and often significant employment effects. Short-term training focusing on testing and monitoring search effort shows slightly smaller effects compared to the pure training variant. The lock-in periods lasted longer in the 1980s and 1990s compared to the early 2000s. Short-term training results in higher future participation in longer training programs and this effect was much stronger for the earlier time period.

Keywords/JEL-Code: short-term training employment effects future training participation C 14, J 68, H 43

Saturday 12 September, 09:00 - 11:00

D07 - Macroeconomics of Unemployment

On-the-job Training, Mismatch and Unemployment

Frédéric Gavrel¹, Bruno Dardaillon², Isabelle Lebon¹

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²INSEE, CAEN, France

In this paper, training is seen as a way to reduce the mismatch between workers and jobs. As a consequence training necessarily takes place on the job. The analytical framework is a circular matching model with Nash bargaining and free-entry. The technology of contacts is depicted by an urn-ball model with applicant ranking and partially oriented workers' search. Taking the tightness of the labor market as an exogenous variable, we first show that a general rise in unemployment lowers the probability of on-the-job training by reducing the mismatch. We then complete the model by assuming free-entry and we study its comparative statics as well as its social efficiency properties. As training only moves the workers along the circle of skills, private educational choices are socially optimal. On the contrary, job creation is too high under the Hosios's condition. The last part of the paper confronts our main positive prediction with empirical evidence. Using French data on regional unemployment, we estimate a probit model of the training decision and find that on-the-job training is significantly less probable in the regions with high unemployment.

Keywords/JEL-Code: On-the-job training Mismatch Equilibrium unemployment H21, J24, J64

Saturday 12 September, 09:00 - 11:00

D07 - Macroeconomics of Unemployment

Why Joe the Plumber Pays the Tuition Fees of Future White-Collar Workers - Human Capital in Imperfect Labour and Credit Markets

Christian Manger

University of Konstanz, KONSTANZ, Germany

This theoretical model shows how search frictions on both the credit- and the labour market amplify the costs of tertiary education and shift some of these costs from students via banks and firms to unskilled workers. In presence of contingent loans firms compensate students for their tuition fees by paying higher wages. This reduces the profits of firms, giving rise to higher unemployment and lower wages for unskilled workers. It can be shown that investment in human capital is below the constrained efficient level despite the availability of contingent loans, and that the distortions are amplified by the credit market imperfections.

Keywords/JEL-Code: search frictions imperfect credit markets human capital J64, J23, J24, J41

Saturday 12 September, 09:00 - 11:00

D07 - Macroeconomics of Unemployment

Inefficient Equilibrium Unemployment with Unobservable Heterogeneity of Workers

Bénédicte Rouland, Arnaud Chéron

University of Le Mans, LE MANS, France

This paper develops an endogenous job creation-job destruction model with ex ante unobservable heterogeneity of workers. We show that it explains a large set of stylized facts concerning not only labor market flows but also wage dispersion. Furthermore, the equilibrium is always inefficient and we characterize optimal labor market policies as mean to restore efficiency. In particular, we show that it is optimal to discriminate against low-wages workers by offering them a higher employment protection.

Keywords/JEL-Code: optimal hiring-firing taxes heterogenous workers wage dispersion E24, J31, J68

Saturday 12 September, 09:00 - 11:00

D07 - Macroeconomics of Unemployment

A Fair Wage Model of Equilibrium Unemployment with Sticky Information

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There are good grounds to believe that workers' perceptions of fairness exhibit inertia. The introduction of inertia associated with slow diffusion of information among workers in the Akerlof-Yellen fair wage model increases the range of stylized facts that this model can account for. In particular, the fair wage model can now provide a plausible explanation for the observed negative correlation between productivity growth and equilibrium unemployment over the medium-run, a stylized fact that remains elusive to most other classes of models. Among other results, the model also shows that a skill-biased shock to productivity has a permanent effect on both equilibrium unemployment and the wage gap. Tentatively, the analysis suggests that the quantitative effects of such type of shock are sizeable.

Keywords/JEL-Code: Fair Wage Hypothesis Sticky information Unemployment D03;E24;J21;J31

Saturday 12 September, 09:00 - 11:00

D08 - Personnel Economics; Organization 2

Risk Sharing and Employee Motivation in Competitive Search Equilibrium

Anna Chizhova

University of Konstanz, KONSTANZ, Germany

This paper incorporates a classical moral hazard problem with unobserved worker effort and bonus payments into a competitive search equilibrium environment with risk averse workers. The resulting framework permits an analysis of the effects of labour market competition and search frictions on individual contract setting. The paper demonstrates that the classical model of moral hazard with an ex-post wage setting regime may underestimate the optimal values of wages and bonus payments in competitive labour markets. The baseline model is extended to account for employer heterogeneity with respect to capital endowments. In the extended model, wage

competition between employers serves as a source of positive correlation between wages and bonus payments reported in a number of empirical studies.

Keywords/JEL-Code: Effort, Bonus, Risk aversion Competitive search Equilibrium efficiency J33, J64, M52

Saturday 12 September, 09:00 - 11:00

D08 - Personnel Economics; Organization 2

Does Part-Time Employment affect Firm Productivity?

Annemarie Nelen, Andries De Grip, Didier Fouarge
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Using matched employer-employee data on Dutch pharmacies, we analyze the effect of part-time employment on productivity in service sector firms. For this purpose, we extend the standard production function framework by distinguishing between part-time and full-time labor inputs. We find that core workers who work part-time are more productive than full-time workers. This appears to be related to a significant negative effect of longer working hours on the percentage of working time spent on demand-related tasks. Therefore, our findings suggest that in the service sector, part-time employment is beneficial for firm productivity because part-time workers are deployed at hours when customer demand peaks.

Keywords/JEL-Code: part-time productivity job content D21, J24, L25

Saturday 12 September, 09:00 - 11:00

D08 - Personnel Economics; Organization 2

The Effect of Noise in a Performance Measure on Work Motivation: A Real Effort Laboratory Experiment

Randolph Sloof, Mirjam Van Praag
University of Amsterdam, AMSTERDAM, Netherlands

This paper reports the results of an individual real effort laboratory experiment where subjects are paid for measured performance. Measured performance equals actual performance plus noise. We compare a stable environment where the noise is small with a volatile environment where the noise is large. Subjects exert significantly more effort in the volatile environment than in the stable environment. This finding is in line with standard agency theory and contrasts a distinct element of expectancy theory; noisier performance measures do not lower work motivation.

Keywords/JEL-Code: performance measures noise experiments M52; J33

Saturday 12 September, 09:00 - 11:00

D08 - Personnel Economics; Organization 2

The Effects of Human Resource Management Practices on Firm Productivity - Preliminary Evidence from Finland

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This paper presents the first empirical evidence on the nature and effects of human resource practices (HRM) in the Finnish manufacturing sector. In the analysis, we use the novel survey on HRM practices, based on a representative random sample from the population of the Finnish

manufacturing firms who had 50 or more employees in 2005. We have information on several HRM practices and employee participation forms of 398 firms in the sample, which is 38% of the firms in the population and almost 50% of the survey respondents. To study how HRM practices affect the level of firm productivity, we first matched the HRM survey data with firm financial statements and then estimated cross-sectional and panel data estimators for Cobb-Douglas production functions. We find that both the incidence of employee participation practices and the incidence of human resource management tools have increased from 2002 to 2005. The empirical findings support the view of a positive association with the HRM practices and the level of firm productivity. Perhaps more importantly, however, we find that not all forms of employee financial and decision-making participation practices have favorable productivity effects: consultative committee and profit sharing scheme has a positive effect, but other practices are statistically insignificant.

Keywords/JEL-Code: HRM, new workplace practices employee participation in decision-making employee financial participation M54, J53, L23

Saturday 12 September, 09:00 - 11:00

D08 - Personnel Economics; Organization 2

Vacancy Duration, Wage Offers, and Job Requirements - Pre-Match Data Evidence

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²Aletheia University, TAINAN, Taiwan

Besides wage offers, credentials like education, work experience and skill requirements are key screening tools for firms in their recruitment of new employees. This paper adds some new evidence to a relatively tiny literature on firms' recruitment behaviour. In particular, our analysis is concerned with how vacancy durations vary with firms' minimum wage offers and minimum job requirements (regarding education, skills, age, gender and earlier work experience). The empirical analysis is based on ten employer surveys carried out by the DGBAS on Taiwan during the period 1996-2006. We estimate logistic discrete hazard models with a rich set of job and firm characteristics as explanatory variables. The results show that vacancies associated with higher wage offers take, ceteris paribus, longer to be filled. The impact of firms' wage offers and credential requirements does not vary over the business cycle. However, firms vary their skills requirements over the business cycle: our empirical analysis shows that, for a given wage offer, requirements are stricter in recessions and downturns. Separating between reasons for posting vacancies turned out important in explaining differences in vacancy durations. The duration of vacancies due to regular turnover and changing business cycle condition are less affected by skill requirements than that of other vacant jobs.

Keywords/JEL-Code: Job vacancies, Recruitment, Wage offers Job requirements J32, J33, M5, M12

Saturday 12 September, 09:00 - 11:00

D09 - Regional Labour Markets 1

How do Migrants Choose Their Destination Country? An Analysis of Institutional Determinants

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For a long time, migration has been subject to intensive economic research. Nevertheless, empirical evidence regarding the determinants of migration still appears to be incomplete. In this

paper, we analyze the effects of socio-economic and institutional determinants, especially labor-market institutions, on migrants' choices. Based on a large data set constructed from micro-data for France, Germany, the UK and the US, we study their decisions to migrate to one of the four countries using a Multinomial Choice framework. Our estimates confirm a number of conventional results such as positive effects of wages and immigrant networks and negative effects of unemployment rates. In addition, we find that employment protection, union coverage and unemployment benefits have positive effects on migration. Also good education and health systems tend to attract migrants, while generous pension systems may deter them. Based on separate estimations for high and low-skilled migrants, there is evidence that the effects of labor-market institutions differ across skill groups.

Keywords/JEL-Code: migration labor market institutions micro-data J210, J310, J610

Saturday 12 September, 09:00 - 11:00

D09 - Regional Labour Markets 1

Is There a Wage Curve for the Highly Educated?

Sanna-Mari Hynninen

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The study examines how the job competition among the highly educated affects their wages in regional labour markets. We estimate individual level wage curves separately for bachelors and post-graduates, control for the sector of the job, and divide the job competition in unemployed and employed job search by education. The study doesn't find a wage curve for the highly educated in Finland. Instead, it finds a negative relationship between the wages and the employed job search in the municipality sector both for the bachelors and for the post-graduates, and signs of a positive relationship in the private sector for the bachelors. Therefore, the increased employed job search in a region seems to be benefiting the employers of both the bachelors and the post-graduates in the municipality sector, while benefiting the employees with the bachelor degree in the private sector.

Keywords/JEL-Code: wage curve, job competition regional labour markets R23

Saturday 12 September, 09:00 - 11:00

D09 - Regional Labour Markets 1

Modelling Aggregate Migration and Cross-Border Worker Flows

Ferdy Adam

STATEC, LUXEMBOURG, Luxembourg

This paper deals with endogenous foreign labour supply in a small open economy - Luxembourg - which is heavily dependent on it. Foreign labour supply can manifest itself through migrations or cross-border commuting. Three equations are estimated, in the spirit of the modified gravity models: one for immigration, one for emigration and one for cross-border worker flows. Significant r.h.s. variables are, besides labour demand: real net incomes of workers, unemployment rates and house prices. The importance of endogenous foreign labour supply is illustrated through simulations with a large scale macro-econometric model that integrates the three estimated equations. Rendering foreign labour supply endogenous helps to explain the muted impact of demand shocks on unemployment or the relatively recent emigration of residents to the neighbouring regions. It also shows to what extent increases in foreign labour supply can have positive or negative impacts on the domestic economy.

Keywords/JEL-Code: Regional migration Geographic labour mobility Macro-econometric model building J61, R23, C5

Saturday 12 September, 09:00 - 11:00
D09 - Regional Labour Markets 1

The Effects of Cultural Diversity on Regional Labour Markets in Germany

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In the last decade there have been marked changes in the composition of the non-native workforce in the German labour market. Firstly, there has been a notable increase in the group of high-skilled and a decline in the group of non-university trained foreign workers. Secondly, the diversity of the nationalities of which the foreign workforce is composed has risen considerably. In this paper we show that there are positive effects of cultural diversity for the native German employees at the local level. When considering the effects of skilled foreign workers, we find that both their total share and their diversification into different national groups raise local wage and employment levels for natives. This implies a positive effect on regional productivity. For the share of unskilled foreign workers we find negative wage and employment effects, which implies a negative effect on regional productivity. However, for a given share of unskilled foreign workers we still find positive productivity effects if this group is culturally diversified.

Keywords/JEL-Code: Cultural Diversity Regional employment Immigration R23, J21, J31

Saturday 12 September, 09:00 - 11:00

D10 - Wage Inequality and Mobility: Aggregate Developments

Globalization, Creative Destruction, and Labor Share Change: Evidence on the Determinants and Mechanisms from Longitudinal Plant-Level Data

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We examine the sources and micro-level mechanisms of the changes in the labor share of value added. We link the micro-level dynamics of the labor share change with that of productivity and wage growth. Using a useful variant of the decomposition method we make a distinction between the change in the average plant and the micro-level restructuring. With Finnish plant-level data covering three decades we show that micro-level restructuring is the link between the declining labor share and increasing productivity in 12 manufacturing industries of four regions, and that increased international trade is a factor underlying those shifts.

Keywords/JEL-Code: Globalization; International trade Foreign ownership; Micro-level restructuring Labor share F16; J31

Saturday 12 September, 09:00 - 11:00

D10 - Wage Inequality and Mobility: Aggregate Developments

Real Wages and the Business Cycle: Accounting for Wok and Firm Heterogeneity

Anabela Carneiro¹, Paulo Guimarães², Pedro Portugal³

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Using a longitudinal matched employer-employee data set for Portugal over the 1986-2005 period, this study analyzes the heterogeneity in wages responses to aggregate labor market conditions for newly hired workers and existing workers. Accounting for both worker and firm heterogeneity, the data supports the hypothesis that entry wages are much more procyclical than

current wages. A one-point increase in the unemployment rate decreases wages of newly hired male workers by around 2.8% and by just 1.4% for workers in continuing jobs. Since we estimate the fixed effects, we were able to show that unobserved heterogeneity plays a non-trivial role in the cyclicity of wages. In particular, worker fixed effects behave cyclically whereas firm fixed effects exhibit a countercyclical pattern. Finally, the results point to a one-for-one response of wages to changes in labor productivity for both newly hired workers and workers in ongoing job relationships.

Keywords/JEL-Code: wage cyclicity; hires; firm-specific effects J31;E24;E32

Saturday 12 September, 09:00 - 11:00

D10 - Wage Inequality and Mobility: Aggregate Developments

Technological Change, Wage Inequality and Skill Premiums: Evidence over Three Centuries

Jaakko Pehkonen, Jari Ojala

University of Jyväskylä, JYVÄSKYLÄ, Finland

The study analyses the evolution of wages and occupational composition of labour over three centuries, from 1755 to 1914, using a worker-workplace data. The data from one industry offers a unique view on long-run trends in skill composition, wage inequality and occupational wage premiums. A major shift in the production technology, a shift from sail-only vessels to steam-operated vessels, in turn, allows the examination the popular skill-biased technology change (SBTC) hypothesis in a well-defined setting. We find that (i) technological change had both a new-skill demanding aspect, showing up as an increase in the demand for skilled engineers, and a skill-replacing aspect, resulting in a decline in the demand for skilled able-bodied seamen and an increase in unskilled engine room operatives, (ii) increasing wage inequality in the latter part of the 18th century is associated with the emergence of new skilled occupations and rising wages of skilled seamen, (iii) wage inequality evolves slowly over time and there are different, declining and rising phases in wage inequality.

Keywords/JEL-Code: wage inequality, technological change j31

Saturday 12 September, 09:00 - 11:00

D10 - Wage Inequality and Mobility: Aggregate Developments

Unionization, Stochastic Dominance, and Compression of the Wage Distribution: Evidence from Germany

Michael Burda¹, Bernd Fitzenberger², Alexander Lembke³, Thorsten Vogel¹

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This paper reanalyzes theoretically and empirically the link between union wage setting and the wage distribution. Theoretically, we identify conditions under which a right-to-manage model implies compression of the wage distribution in the union sector relative to the nonunion sector as well as first order stochastic dominance. These implications are investigated by estimating quantile regressions of wages based on the 2001 German Structure of Earnings Survey, a large German linked employer- employee data set which contains explicit information on coverage by collective agreements. The empirical results confirm that, in case of industry-wide collective agreements, log union wage effects decline in quantiles, implying union wage compression. This finding, however, cannot be corroborated for wages determined at the firm level. Stochastic dominance is confirmed, as predicted by the theoretical model, for both types of collective agreements.

Keywords/JEL-Code: union wage effect, quantile regression stochastic dominance J31, J51, J52

Saturday 12 September, 09:00 - 11:00
D11 - Effects of the Welfare State

Equilibria in a Model with a Search Labour Market and a Matching Marriage Market

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I analyse an economy where a search labour market and a matching marriage market interact. The economy is populated by homogeneous workers, firms and marriage partners (MPs). Workers simultaneously search for firms in order to work and for MPs in order to marry. Firms post wages to attract workers. MPs look for workers in order to marry. I assume that married workers receive a pre-determined flow utility, and married MPs derive flow utility equal to the worker's wage. This provides the link between the markets. Noisy search in the labour market generates a distribution of wages. I show that the so called married wage premium can be the consequence of frictions in both markets, without having to resort to the typical explanations. In one equilibrium, MPs marry all workers, regardless of their employment status. In a more interesting equilibrium, MPs marry only high earners while workers accept wages that render them 'unmarriageable'. The workers' reservation wage must compensate them for the loss of marriageability in addition to the option of continued search for better wages. This affects the distributions of wages offered and earned, which are crucial in the MPs decision to marry/reject low earners.

Keywords/JEL-Code: Married wage premium Search labour markets Matching marriage markets D3

Saturday 12 September, 09:00 - 11:00
D11 - Effects of the Welfare State

The Income Distribution of the Dutch Elderly: 1989-2015

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For the development of adequate reforms to combat the financial consequences of the aging society, a full understanding of the income distribution of current and next generations of retirees is required. When designing retirement policies, it is important to take into account the changed demographic and socio-economic composition of new generations of retirees (for example, the increased female participation rates), because these will change the income distribution of the elderly. This paper describes the income structure of the elderly in the past and makes projections of the income structure of the next generations of retirees. For this purpose, the paper exploits a representative administrative panel data set. We estimate a fixed effects model and take autocorrelation and heteroskedasticity into account. Furthermore, we estimate transition probabilities with regard to demographic and socio-economic factors and use random variables to determine whether these transitions occur. We dynamically age all individuals in the last year of the data and estimate their income using the estimation results. Using this microsimulation approach, detailed estimates on the income distribution of next generations of retirees are possible.

Keywords/JEL-Code: income distribution retirement policies microsimulation D3, J26, C53, C23

Saturday 12 September, 09:00 - 11:00
D11 - Effects of the Welfare State

Modelling State Dependence and Feedback Effects between Poverty, Employment and Parental Home Emancipation among European Youth

Sara Ayllón

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Youth is one of the phases in the life-cycle when decisive transitions take place. Entering the labour market or leaving parental home are life events with important consequences for the economic well-being of young adults. In this paper, we study the interrelationship between employment, residential emancipation and poverty amongst young people in eight European countries for the period 1994-2000. Following Biewen (2004, 2008) and Wooldridge (2005), we propose the estimation of a trivariate probit model for poverty status, employment and leaving home decisions with feedback effects between the three processes that allows the measurement of state dependence, accounts for the initial condition problem and controls for unobserved heterogeneity and non-random selection of the sample. First results show that youth poverty genuine state dependence is positive and highly significant in all the analysed countries. Evidence proves there is a strong causal effect between poverty and leaving home in Scandinavian countries, however, time in economic hardship does not last long. In Southern Europe, instead, youth tend to leave their parental home much later than their European counterparts in order to avoid falling into a poverty state that proves to be more persistent. Past poverty has negative consequences on the likelihood of employment everywhere -albeit less strong in Nordic countries. And, economic hardship in the family of origin does not enhance neither delays residential emancipation (not even in strong family ties countries).

Keywords/JEL-Code: youth poverty state dependence feedback effects trivariate multinomial probit I32, J13, C33

Saturday 12 September, 09:00 - 11:00

D11 - Effects of the Welfare State

Testing for True State Dependence in Poverty Dynamics

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Evidence from several countries is that any household experiencing poverty today is much more likely to experience it again, which may be due to both true state dependence (TSD) and unobserved heterogeneity (UH). We deal with UH by specifying two sources of it: (i) the household's ability to obtain income in a specific, initial time period, and (ii) the way in which this ability evolves from that time period onwards. We test for TSD using the panel component of the Italian Survey on Household Income and Wealth. After testing for the ignorability of the massive attrition plaguing the panel and accepting it, we do not find any sign of TSD.

Keywords/JEL-Code: Poverty dynamics Dynamic discrete-response models Attrition ignorability I32, C23, C25

Saturday 12 September, 09:00 - 11:00

D11 - Effects of the Welfare State

Fertility Decline and the Heights of Children in Britain, 1886-1938

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²University of Bristol, BRISTOL, United Kingdom

In this paper we argue that the fertility decline that began around 1880 had substantial positive effects on the health of children, as the quality-quantity trade-off would suggest. We use microdata from a unique survey from 1930s Britain to analyze the relationship between the

standardized heights of children and the number of children in the family. Our results suggest that heights are influenced positively by family income per capita and negatively by the number of children or the degree of crowding in the household. The evidence suggests that family size affected the health of children through its influence on both nutrition and disease. Applying our results to long-term trends, we find that rising household income and falling family size contributed significantly to improving child health between 1886 and 1938. Between 1906 and 1938 these variables account for nearly half of the increase in heights, and much of this effect is due to falling family size. We conclude that the fertility decline is a neglected source of the rapid improvement in health in the first half of the twentieth century.

Keywords/JEL-Code: Health Poverty Interwar Britain I10 I30 J13 N14

Saturday 12 September, 14:00 - 16:00

E01 - Discrimination and Gender 2

Testing for Statistical Discrimination: The Case of Immigrant Physicians in Israel

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Statistical discrimination models have gained wide attention in the literature, as they explain why two groups of workers who have the same productivity may receive different wages. Statistical discrimination models show that treating two groups of workers differently may be a rational response of firms to differential observability of productivity between the two groups. However, it is difficult to prove when statistical discrimination is really occurring. A natural experiment that occurred in Israel in 1989 allowed detecting which discrimination (taste-based or statistical) caused the gap in earnings between immigrant and native physicians. Beginning this year, the Israeli government required that physicians who have immigrated to Israel since 1989 will pass a test in order to work as physicians in Israel. Controlling for other factors, the present paper finds that (1) earnings of physicians who immigrated to Israel since 1989 are significantly higher than those of earlier immigrant physicians (2) The earnings of immigrant physicians who have taken the test converge to the earnings of native physicians after 5.5 years. These results may be viewed as evidence that the difference in earnings between native physicians and immigrant physicians is due mostly to statistical discrimination.

Keywords/JEL-Code: Statistical Discrimination Immigration J-31, J-61, J-71

Saturday 12 September, 14:00 - 16:00

E01 - Discrimination and Gender 2

On the Relationship Between Unexplained Wage Gap and Social Network Connections for Ethnical Groups

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²University of Alicante, ALICANTE, Spain

³University of Oxford, OXFORD, United Kingdom

This paper analyses the relationship between unexplained racial/ethnic wage differential and integration of social networks. Our analysis is based on both US and Estonian surveys, supplemented with Estonian telephone communication data. We compare network segregation and unexplained wage differentials by distinct geographic regions. Our analysis finds a clear negative relationship between the size of the differential and network integration: regions with more integrated social networks exhibit smaller unexplained wage differential. The relationship is insignificant for the US communities but highly significant for Estonian counties where we possess detailed communication data. It is robust with respect to controlling for the minority

percentage. The network integration explains around 5% (for the US) and 50% (for Estonia) of the regional variation of the differential.

Keywords/JEL-Code: social networks wage differential segregation J31, J71

Saturday 12 September, 14:00 - 16:00

E01 - Discrimination and Gender 2

The Importance of Names: New Evidence on Ethnic Discrimination

Angela Djupsjöbacka, Jonas Lagerström

Åbo Akademi University, ÅBO, Finland

This paper estimates the causal effect of having a minority name on labor market outcomes. We use two complementary identification strategies. First, since our panel data contain detailed information on complete name history, we estimate the effect for individuals that for different reasons change between minority and majority family names. Second, we compare outcomes between siblings with different kinds of first names. Our main finding is that a having a typical minority name reduces earnings by 5-15 percent but has only minor effects on employment.

Keywords/JEL-Code: Ethnic Discrimination Name Change J7, J16, J42

Saturday 12 September, 14:00 - 16:00

E01 - Discrimination and Gender 2

Like Oil and Water or Chocolate and Peanut Butter? Ethnic Composition and Social Participation of Young People in England

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²'Ca' Foscari' of Venice, VENICE, Italy

The paper studies the impact of ethnic diversity on social participation of young people. We first propose a theoretical model in which the agents choose between structured and unstructured social activities by taking into account the ethnic composition of the groups they join. We test our predictions using English census data together with the "Longitudinal Survey of Young People in England"(LSYPE) and we find that ethnic segregation increases the probability of hanging around near home, while ethnic fractionalization decreases it. Furthermore, more structured activities are not affected by ethnic fractionalization. Finally, we use an IV strategy based on both historical and geographical data to correct for endogenous sorting into neighborhoods. The results we get are even stronger than those obtained where the ethnic composition of the neighborhood is taken as exogenous.

Keywords/JEL-Code: social participation fractionalization segregation J13, J15, R23

Saturday 12 September, 14:00 - 16:00

E02 - Education and Returns 2

Why Does Height Matter for Educational Attainment? Evidence from German Pre-Teen Children

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Several studies have shown that body height is positively associated with educational attainment. We investigate the mechanisms behind this relationship for Germany. Using data on pre-teen students, we show that taller children are more likely to enroll in the most academic

secondary school track. This is due to primary school teachers giving better recommendations to taller students, given their academic achievement. We suggest that teachers actually reward higher social skills. In fact, we find that taller children tend to have higher social skills already at age 3. Finally, the results show a gender-specific pattern.

Keywords/JEL-Code: Educational attainment, Height, Physical Stature Tracking, Teacher recommendation Noncognitive skills I21, I28, J16

Saturday 12 September, 14:00 - 16:00
E02 - Education and Returns 2

Errors and Lies about Educational Attainment
Francesco Avvisati
Paris School of Economics, PARIS, France

This paper documents large misclassification errors for employer reports of workers' educational attainment in a French employer-employee survey data set. I show that employers' errors are related to workers' wages. Results indicate that those who falsely appear as having a given diploma experience significant wage gains. Causal and non-causal interpretations of these estimates are discussed.

Keywords/JEL-Code: Misclassification Returns to Education Differential Measurement Error J31

Saturday 12 September, 14:00 - 16:00
E02 - Education and Returns 2

Estimates of the Causal Effects of Education on Earnings over the Lifecycle: UK Evidence from a Non-separable Specification with Cohort Effects and Endogenous Education

Giuseppe Migali, Ian Walker
Lancaster University, LANCASTER, United Kingdom

This paper acknowledges that the relationship between log wages and schooling is considerably more complex than the simple human capital earnings function suggests and that schooling is endogenous. We estimate a model where educational attainment is discrete and ordered and log wages are determined by a simple function of work experience for each level of attainment. We distinguish between lifecycle and cohort effects by exploiting the fact that we have a short panel. We strongly reject both the usual separability assumption and exogeneity of educational attainment.

Keywords/JEL-Code: Returns to education, Selection, Lifecycle, Cohort I21, J31, C32

Saturday 12 September, 14:00 - 16:00
E02 - Education and Returns 2

Local Human Capital Externalities and Wages at the Firm Level

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²University of Turin and LABOR, TURIN, Italy

We use a unique firm-level data set providing administrative information on average workers' earnings by skill level (blue collars, white collars), information on the local stock of human capital and on several firm's characteristics, including balance sheet data, to investigate the size of localized human capital externalities in Italian manufacturing. Our estimates show evidence of human capital externalities similar to that found for other developed countries, which emerges,

however, only when the stock of human capital of local workers in manufacturing is used in the analysis.

Keywords/JEL-Code: human capital externalities manufacturing Italy I21 J24 J31

Saturday 12 September, 14:00 - 16:00

E03 - Family and Work: Effects on the Labour Market

Employment Behavior of Young Mothers during and after Maternity Leave: Evidence Based on Company Data

Anthony Strittmatter¹, Bernd Fitzenberger², Susanne Steffens³

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³ZEW, Mannheim, Germany

We investigate the durations of maternity leave and the exit probabilities after maternity leave for first-time mothers working in a large German company. With administrative personnel data we observe employment histories with specific information about for instance working time and promotions. Results show that mothers who are very productive and have a high attachment to the company exhibit shorter maternity leave periods and have lower exit probabilities afterwards.

Keywords/JEL-Code: female employment behavior maternity leave durations human resource management J13, J22, M50

Saturday 12 September, 14:00 - 16:00

E03 - Family and Work: Effects on the Labour Market

Crowding out Dad? The Effect of a Cash-for-care Subsidy on the Allocation of Time in Families

Nina Drange

University of Stavanger, STAVANGER, Norway

We consider labour supply effects of a policy change undertaken in Norway stepwise in 1998 and 1999. The policy change implied that a subsidy was given to parents of 1 year-old children (from August 1998) that did not use publicly subsidised child care for their child. The subsidy was given to parents of 2 year-old children as well from 1999. We make use of a difference-in-difference approach, and evaluate labour supply of parents of 2 year-olds before and after the introduction of the subsidy. Our control group are children aged 5. We are in particular interested in whether the subsidy led to a deepening of the specialization within the family. We find that the subsidy decreased the amount of mothers working 20 hours or more by 4 percentage points. Mothers with a completed college degree decreased their labour supply to a lesser extent than did those without a completed college degree. For the fathers we find offsetting effects depending on their spouses' education. Labour supply increased among fathers married to spouses without a completed college degree. In families where the mother had completed college we find that fathers reduced their labour supply.

Keywords/JEL-Code: Family, Allocation of time, Labour supply J12, J22

Saturday 12 September, 14:00 - 16:00

E03 - Family and Work: Effects on the Labour Market

Household Labor Supply and Home Services in a General-Equilibrium Model with Heterogeneous Agents

Christian Bredemeier, Falko Juessen

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We propose a new explanation for differences and changes in labor supply by gender and marital status, and in particular for the increase in married women's labor supply over time. We argue that this increase as well as the relative constancy of other groups' hours are optimal reactions to outsourcing labor in home production becoming more attractive to households over time. To investigate this hypothesis, we incorporate heterogeneous agents into a household model of labor supply and allow agents to trade home labor. This model can generate the observed patterns in US labor supply by gender and marital status as a reaction to declining frictions on the market for home services. We provide an accounting exercise to highlight the role of alternative explanations for the rise in hours in a model where home labor is tradable.

Keywords/JEL-Code: Labor supply gender home production J22, J16, E13, D13

Saturday 12 September, 14:00 - 16:00

E03 - Family and Work: Effects on the Labour Market

Caring Fathers: The Effect on Earnings of Father Involvement

Ingeborg Solli

University of Stavanger, STAVANGER, Norway

In order to motivate fathers to participate more in care taking for small children, the Norwegian government introduced a paternity quota of the parental leave in 1993. In this paper we investigate whether increased care taking for small children had an effect on fathers' earnings as the child ages. We estimate a difference-in-differences model which exploits differences in fathers' exposures to the paternity quota. We find that the paternity quota had a negative effect on fathers' earnings at least until the child turns 5 years old.

Keywords/JEL-Code: Labour Market J08

Saturday 12 September, 14:00 - 16:00

E03 - Family and Work: Effects on the Labour Market

Household Behavior and Social Norms: A Conjugal Contract model

Elisabeth Cudeville, Magali Recoules

Université Paris 1, PARIS, France

In this paper we present a model of conjugal contract to explore the complex interactions between the decision-making process within the household, social norms and gender discrimination in the labor market. Following Carter and Katz (1997), the household is viewed as two separate spheres, the female and the male, both linked by a public good - the children - and a conjugal contract seen as a transfer of resources between spouses. This specification is in line with Sen's (1990) ideas on family as the site of a 'cooperative conflict'. The conjugal contract, reflecting social norms, is partly exogenous for individuals and, in the short run, will impede their agility to respond to the different shocks affecting their environment, impairing efficiency in most cases. This model has the advantage of being flexible as it encloses both the cooperative and the 'separate spheres' approaches of the household as well as the efficient model. Our main focus is to study how social norms, as expressed in the conjugal contract, influence male and female labor supply behaviors and household's fertility decisions and how, in return, social norms are themselves affected by the household's behavior. In particular, we show how shocks affecting the labor market, and more generally the opportunity cost of raising children, lead the spouses to renegotiate the terms of the conjugal contract and consequently modify social norms. We also stress on the role played by gender discrimination on the labor market and how it influences the degree of cooperation between spouses within the household.

Keywords/JEL-Code: Intrahousehold models endogeneous social norms D13 - J13 - J16 - J18 - J22 - J71

Saturday 12 September, 14:00 - 16:00
E04 - Health and Job Satisfaction 2

'Do I Really Need To Go to Rehab? I'd Say No, No, No.' Estimating Price Elasticities of Convalescent Care Programs

Nicolas Ziebarth

German Institute for Economic Research (DIW Berlin), BERLIN, Germany

This study is the first to estimate the price elasticities of demand for medical rehabilitation programs and health spa therapies. In Germany, the Statutory Health Insurance covers both therapy forms if administered in authorized medical facilities upon the referral of a physician. While a health resort stay is prescribed to recover from a general poor health condition and has preventive character, medical rehabilitation implies recovering from a specific illness or an accident. From 1997 onwards, the German legislator more than doubled the copayments for both health care services from DM 12 (EUR 6.14) to DM 25 (EUR 12.78) per day for SHI insured. Using longitudinal micro data of the German Socio-Economic Panel Study (SOEP), this exogenous price variation allows us to study the causal effects on demand as a sound control group is available. The data suggest that pull-forward effects in 1996 accounted for up to one-fifth of the subsequent decrease in demand. Accounting for this anticipation effect, we show that the reform induced a decrease in total demand of about 20 percent. We estimate the price elasticity for rehabilitation programs that aim to prevent work incapacity to be about -0.15, whereas the elasticity for rehabilitation programs to recover from work accidents lies around -0.25. In contrast, the price elasticity for spa therapies is elastic and lies between -1 and -2.

Keywords/JEL-Code: convalescent care price elasticities natural experiment H51, I11, I18, J22

Saturday 12 September, 14:00 - 16:00
E04 - Health and Job Satisfaction 2

Critical Periods During Childhood and Adolescence: A Study of Adult Height among Immigrant Siblings

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We identify the ages that constitute critical periods in children's development towards their adult health status. For this we use data on families migrating into Sweden from countries that are mostly poorer, with less healthy conditions. Long-run health is proxied by adult height. The relation between siblings' ages at migration and their heights after age 18 allows us to estimate the causal effect of conditions at a certain age on height after age 18. For this we apply fixed-effect methods to a sample of about 5,000 brothers. We effectively exploit that for siblings the migration occurs simultaneously in calendar time but at different developmental stages (ages). We find important critical periods around age 11. The effects are stronger in families migrating from poorer countries but weaker if the mother is well educated.

Keywords/JEL-Code: early-life conditions, migration, education adult health, height retardation, fetal programming, developmental origins. I10, I12, I18, F22, I20, I30, J10, N30.

Saturday 12 September, 14:00 - 16:00
E04 - Health and Job Satisfaction 2

The Long Run Consequences of the Chernobyl Catastrophe on Subjective Well-Being and its Set-Point. Evidence from Two Ukrainian Data Sets

Natalia Weisshaar, Alexander Danzer

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This paper empirically analyses the set-point theory of subjective well-being (SWB) by investigating the long-run effects of a catastrophe like Chernobyl in 1986. We exploit objective (exogenous) and subjective measures of “Chernobyl affectedness” in two nationally representative Ukrainian data sets covering 2003 to 2007. We find significant long-term effects on SWB and mental health, although surprising group differences exist: individuals with affected family members are unhappier, directly affected individuals seem not unhappier on average, even after controlling for personality traits. Our results suggest a dynamic set-point formation, accentuate the role of anxiety and potentially indicate a “happiness of survivors”.

Keywords/JEL-Code: Chernobyl, subjective well-being panel data, IV mental health D01, J28, D60, I10, I3

Saturday 12 September, 14:00 - 16:00
E04 - Health and Job Satisfaction 2

Overweight and Obesity Among Wage Earners and the Demand for Primary Physician Care

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The standard economic model for the demand for health care predicts that unhealthy behaviour such as being overweight or obese should increase the demand for medical care, particularly as clinical studies link obesity to a number of serious diseases. In this paper, we investigate whether overweight or obese individuals demand more medical care than their normal weight individuals by estimating a finite mixture model which splits the population into frequent and non-frequent users of primary physician (GP) services according to the individual’s latent health status. Based on a sample of wage-earners aged 25-60 years drawn from the National Health Interview (NHI) survey 2000 and merged to Danish register data, we compare differences in the impact of being overweight or obese relative to being normal weight on the demand for primary physician care. Estimated bodyweight effects vary across latent classes and show that being obese or overweight does not increase the demand for primary physician care among infrequent users but does so among frequent users.

Keywords/JEL-Code: Overweight Obesity Primary physician care I12, I18

Saturday 12 September, 14:00 - 16:00
E05 - Labour Market Policies for Unemployment

How Effective are Unemployment Benefit Sanctions? Looking Beyond Unemployment Exit

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This is the first empirical paper that aims for a comprehensive evaluation of sanction effects. Beyond effects on duration, we evaluate the individual’s post-unemployment position in the wage hierarchy, up to two years after exit, as well as the issue of job stability. A rich set of register data allows constructing appropriate measures to tackle these questions and assessing their empirical relevance for Switzerland. Preliminary evidence, based on a multiple-stage mixed proportional hazard model, indicates that the unemployment exit hazard shifts upward immediately by 7.2% after warning an individual that a sanction investigation has started. Actually enforcing the sanction increases the hazard by additional 2.8%, though statistically not

significant. Do sanctions favour the exit to a certain quality of job? Our results suggest that they foster more mobility to worse paid jobs. In a competing risks model, the total sanction effect on downward mobility amounts to 28% whereas the likelihood to exit to a better (or equally) paid job increases by 7.5% due to a sanction. On the other hand, the net effect on earnings (measured by changes one month pre-to-post unemployment) averages out to zero.

Keywords/JEL-Code: benefit sanctions earnings effects unemployment duration J64, J65, J68

Saturday 12 September, 14:00 - 16:00

E05 - Labour Market Policies for Unemployment

Just Try It Again? The Effects of Consecutive Active Labor Market Policy Measures in Germany

Sandra Schaffner, Christoph Ehlert
RWI Essen, ESSEN, Germany

Active labor market policy has been researched for quite a while, focusing on participation in specific programs compared to not taking part. This paper adds to this discussion by estimating the treatment effects of consecutive program participation. Besides the sequences, the timing and order of active labor market policy measures are taken into account. By allowing for this complexity we shed some light on the function of ALMP measure combinations. By using administrative German labor market data we identify the most common combinations of ALMP measures and also find new evidence on the effectiveness of ALMP in Germany compared to the existing literature. Our findings suggest that the clustering and also the order of different measures have to be taken into account to estimate the treatment effects.

Keywords/JEL-Code: active labor market policy sequential participation program evaluation J68

Saturday 12 September, 14:00 - 16:00

E05 - Labour Market Policies for Unemployment

What makes start-ups out of unemployment different?

Norbert Schanne, Antje Weyh
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'What makes start-ups out of unemployment different?' To answer this question we formulate a theoretical sketch for the start-up activity out of unemployment. Furthermore, we estimate spatial autoregressive models for the regional start-up rates out of unemployment as well as out of employment with German data from 1999 to 2004 at the NUTS3-level. Characteristics describing the populations of potential entrepreneurs as well as agglomeration externalities have a similar impact on both start-up rates. They are, however, affected in different ways by the regional wage level and the probability of entrepreneurial success. Moreover, the local impact of these determinants is amplified by spatial spillover and spatial feedback effects in particular for the start-up rate out of unemployment.

Keywords/JEL-Code: self-employment regional start-up activity unemployment J 23, R 12

Saturday 12 September, 14:00 - 16:00

E05 - Labour Market Policies for Unemployment

Do More Placement Officers Lead to Lower Unemployment? Evidence from Germany

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In this paper we examine the effect of a pilot project of the German Federal Employment Agency, where in 14 German local employment offices the caseload (number of unemployed per caseworker) was significantly reduced. Since the participating local offices were not chosen at random, we have to take into account potential selection bias. Therefore, we rely on a combination of matching and a difference-in-differences estimator. We use two indicators of the offices' success (unemployment rate, growth of the number of SC-III clients). Our results indicate a positive effect of a lower caseload on both outcome variables.

Keywords/JEL-Code: evaluation matching caseload J68, H43, C14

Saturday 12 September, 14:00 - 16:00

E06 - Labour Supply

Labor Supply and Human Capital in a Three-Sector Growth Model

Wei-Bin Zhang

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This paper introduces endogenous time distribution between work and leisure into a three-sector growth theory. The economy consists of capital goods sector, consumption goods sector, and university. Knowledge is created through learning by doing and research. Time distribution between leisure and work is endogenously determined. The model is a synthesis of the Uzawa two-sector model, the Uzawa-Lucas two-sector model, and Arrow's learning-by-doing models. First, we define the three-sector growth model with an alternative approach to consumer behaviour with endogenous knowledge, capital and labour supply. Then, we examine dynamic properties of the model. We also simulate the model and demonstrate effects of changes in some parameters.

Keywords/JEL-Code: labor time, economic growth, capital accumulation

Saturday 12 September, 14:00 - 16:00

E06 - Labour Supply

Labor Supply Responses to a Generous Pension Reform. Evidence from Ukrainian Cross Sectional and Panel Data

Alexander Danzer

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In 2004/05, the Ukrainian government raised the minimum pension level by factor four in response to general discontent exemplified in the Orange Revolution of 2004. If households pool resources, such a positive shock will change labor supply of working-age adults through income and substitution effect. This paper uses nationally representative panel and cross sectional data to estimate the impact of this exogenous policy on labor supply of Ukrainian households using difference-in-difference and panel methods exploiting variation across household composition and time. First results suggest that increased pension receipt reduced male labor supply while it relaxed the childcare constraint for women.

Keywords/JEL-Code: Labor supply Pension reform Panel J22, H55, I38, H23, O15

Saturday 12 September, 14:00 - 16:00

E06 - Labour Supply

The Effect of Child Care Prices on the Labour Supply of Parents

Tuomas Kosonen

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We estimate the effect of child home care allowance to parents' labour supply. A municipal supplement to home care allowance in Finnish child care system provides exogenous variation

to labour supply. We can compare similar families that receive different home care allowances because they live in different municipalities. The results for mothers indicate a large statistically significant negative effect to labour force participation when child home care allowance is increased.

Keywords/JEL-Code: child care, labour supply, participation decision J13

Saturday 12 September, 14:00 - 16:00
E06 - Labour Supply

Food Tournaments: NYC 2006-2008

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On February 23, 2005, Michelin, the famous car tire maker, announced the extension of its series of Red gastronomic guides with the launching of an edition for NYC restaurants, the first one in the United States. The famous guide was released eight months later on November 1, the same year. This paper looks at the economic impact of this extension on the NYC market for restaurants from several perspectives both before the release and after the release date. This event can be seen as a repeated “food” tournament in which only approximately 500 seats (474 precisely) have to be assigned each year among a set of more than 1500 competitors (1541 if we take the number of restaurants that were Zagat rated in 2005). The prize is sizeable and the winners enjoy a higher demand allowing them to charge a higher price for their service. The question that we raise is: what was the overall impact of these “food” tournaments on food quality and prices charged by restaurants in NYC? In particular we study whether chefs exerted more effort in improving the quality of the food to get selected in the 2006 edition. How did they behave to remain listed or to get in the subsequent editions of the guide (2007 and 2008)? As the guide is also known to favor luxurious restaurants, we pay attention to the potential effects of the selection process on the setting of restaurants (decor and service). The role of expertise has received some attention in the recent years. Several applications are now available on the role played by famous experts such as Robert Parker on Bordeaux wines prices (see Hadj Ali et al., 2008) and Michelin on prices charged by restaurants in Paris (see Gergaud et al., 2008). Another highlighting application concerns the influence of a jury of experts on the career of musicians who competed to win the Queen Elisabeth International Music Competition (see Ginsburgh and Van Ours, 2003). Our dataset allows assessing the effect of these successive tournaments held by Michelin in NYC on consumer’s opinions and prices by analyzing their evolution over a five-year period. The dataset contains information collected from several editions of the Zagat NYC (2004 - 2008) and the Red Guide Michelin (2006, 2007 and 2008) before and after the release date (2006). The information available is vast and ranging from the ratings (food, service and decor) to the specificities of the restaurants. Reference prices are also available. From an econometric standpoint we estimate a system of three dynamic equations for food, service and decor ratings. Each equation is specified to conduct a difference-in-difference analysis and the system is estimated by a Zellner-SURE procedure. The results show that there were positive and significant effects of the first tournament (2006) on the ratings for food, service and decor reported the same year. We also observed a clear increase in food quality in 2005 during the pre-release period which is undoubtedly due to the announcement effect (February 23, 2005). The subsequent editions of the guide were not that impactful and the 2006 selection did not have a clear impact on the ratings reported in 2007 and 2008 either. From an ancillary Hedonic Price Equation we find a positive and significant impact of Michelin on prices charged by restaurants. Only the third list (2008) turned out to be relevant in the fixed-effects estimations. This means that the return on investment for each of these “successful participants” is an increase in their price due to a higher demand. To summarize, we find that the introduction of a major food tournament in NYC, held by Michelin, was a sufficient incentive for a significant

fraction of chefs to improve the quality, contemporaneously. The fear is that the effect on prices be more permanent than this on effort. This lack of long term incentives to improve quality comes from the fact that the Red list is quite stable over time with entry and exit rates inferior to 10%. The layout of the paper is the following : the first section reviews the effects of tournaments on effort and defines a less familiar class of tournaments : food tournaments; Section 2 presents the data ; Section 3 sets out the econometric methodology used to test the economic impact of Michelin in NYS and Section 4 analyzes the results. Some concluding remarks follows.
Keywords/JEL-Code: Tournament Effort Market Prices J01

Saturday 12 September, 14:00 - 16:00
E06 - Labour Supply

The Effect of Child Labour and Low Education on Adult's Labour Market Experience. The Case of Guatemala

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The aim of this paper is to analyze the causal effect of a low investment in education and the early entry into the labour market on labour market experience during adulthood. Following a quasi-experimental approach we establish the conditions of an experimental study applying a matching method that assures for the comparability between control and treatment groups. We identify different types of treatment depending on age at first entry into the labour market and on the level of education achieved. Then we estimate the effect of the treatment on adult's employment status and labour earnings. We focus on males and draw our data from the Guatemala Living Standard Measurement Survey (ENCOVI, 2000). We find that accumulated education assures a higher level of earnings in adulthood. Males that performed child work obtain a lower remuneration in the labour market, but have a higher probability of finding a job in adulthood. Experience matters among those who performed child labour since work experience has a positive effect on earnings, especially for older cohorts.

Keywords/JEL-Code: Child Labour Returns to Education Matching Estimators C21, J13, J21, J24, O15, O54

Saturday 12 September, 14:00 - 16:00
E07 - Microeconomics of Unemployment: Duration

The Causal Impact of Unemployment Duration on Job Quality

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We estimate the joint distribution of unemployment duration, starting wage, and job tenure on the basis of a hazard-function based approach with a correlated mixed proportional hazard specification. We find that for Belgian unemployed school-leavers time spent in unemployment pays in terms of longer-lived subsequent jobs through a negative impact on the job-to-job transition intensity and, for men, in terms of higher wage rates. The impact of unemployment on the starting wage rate is however very moderate: one more year of unemployment increases the male starting wage by 1.6% on average. Female starting wages are instead not affected by unemployment duration. Finally, there is evidence of no significant effect of the starting wage on job tenure.

Keywords/JEL-Code: unemployment duration job quality transition data C33, C41, J62, J64

Saturday 12 September, 14:00 - 16:00
E07 - Microeconomics of Unemployment: Duration

The Effect of Outplacement Services on Earning Prospects of Unemployed

F. Alfonso Arellano
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I use two administrative databases combining information on workers' characteristics and earnings to estimate the effect of outplacement services on wage prospects of unemployed workers. The results suggest that the impact of outplacement is positive and significant on wages avering 39 percent of the annual gross wage. However, the magnitude depends on the type of service the worker receives and sex. On one side, the group with the best results is constituted by men and women who receive individual outplacement, increasing their average annual gross wage by above 50%. On the other side, women who receive group outplacement show small results, whose figures are near 30%.

Keywords/JEL-Code: outplacement wages unemployed workers J64, J31, C14

Saturday 12 September, 14:00 - 16:00
E07 - Microeconomics of Unemployment: Duration

What a Difference Peers can Make: The Impact of Social (Work) Norms on the Unemployment Duration

Andreia Tolciu
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This paper outlines a model of how social interactions among persons belonging to the same region might influence the individual unemployment duration. The impact is assumed to be enhanced through the social work norms shared by the group peers. Building up on a mix of German data sets and by employing a multilevel analysis, the results show that in conjunction with socio-demographic and regional characteristics, social interactions effects (in terms of social norms shared by the peers) do contribute in explaining the unemployment duration of an individual.

Keywords/JEL-Code: social interactions, work norms, unemployment multilevel analysis A13, A14, J64, Z13

Saturday 12 September, 14:00 - 16:00
E07 - Microeconomics of Unemployment: Duration

Well-Being, Unemployment, and Social Interaction: An International Comparison

Hans Verbeek, Bernhard Boockmann
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If unemployment is high in an individual's reference group, the moral imperative to work for one's own living may be weakened. Consequently, the psychic costs of unemployment and work incentives are reduced. In this paper, we empirically test this proposition using a survey conducted in almost all European countries. Marginal effects calculated from ordered probit regressions pooled over countries suggest that this effect is present, at least for high levels of well-being. Evidence from individual countries is more mixed. We also consider the effect of the benefit replacement ratio and employment protection on the well-being of the unemployed.

Keywords/JEL-Code: Social norms Unemployment Benefit morale J64, I38, Z13

Saturday 12 September, 14:00 - 16:00
E07 - Microeconomics of Unemployment: Duration

Social Norms and Individual Unemployment - A Cross-National Analysis

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On the basis of a survey conducted in nearly all European countries, we investigate whether norms related to the welfare state influence the probability of individual unemployment. We find that certain attitudes are systematically related to current unemployment or unemployment experience. Using an instrumental variable approach, however, we find little evidence of a causal relationship between norms and values and individual employment status. Countries differ in the degree of association between norms and unemployment, but a causal relationship cannot be established for any of the regions considered.

Keywords/JEL-Code: Social norms unemployment benefit morale J 64, I 38, Z 13

Saturday 12 September, 14:00 - 16:00
E08 - Migration: Effects on host Country Labour 2

Do (Naturalized) Immigrants Affect the Income of Natives? Evidence from German Micro Census data

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Since the beginning of the 1990s Germany has experienced a rise in income inequality. During the same period of time a massive inflow of immigrants can be observed so that the question regarding the income effects of immigration arises. Previous empirical studies on the impact of immigration in Germany have focused on wage effects as well as on individuals with a foreign citizenship as an immigrant. Using data from the German micro census, I explore the income effects of immigration applying alternative definitions of an immigrant since the actual number of foreigners and individuals with a migration background differs significantly in Germany. I find that the magnitude but not the sign of the immigrant effect on native income changes with alternative definitions of an immigrant. The empirical analysis also shows that skilled immigration is positively associated with income increases of native employees in skilled jobs whereas the opposite effect is found for natives in occupations that only require little education.

Keywords/JEL-Code: immigration labor market income effect C21, J21, J31, J61

Saturday 12 September, 14:00 - 16:00
E08 - Migration: Effects on host Country Labour 2

Migration and Wage-Setting: Reassessing the Labor Market Effects of Migration

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²Aarhus School of Business, AARHUS, Denmark

This paper employs a wage-setting approach to analyze the labor market effects of immigration into Germany. This enables us to consider labor market rigidities, which are particularly relevant in Europe. Our wage-setting approach considers different degrees of wage flexibility in different segments of the labour market and derives the wage and employment effects of migration simultaneously in a general equilibrium framework. We find that the elasticity of the wage-setting curve is particularly high for young and well-educated workers. Increasing the German labor force by one percent through immigration reduces wages by 0.1 percent and increases unemployment by less than 0.1 percentage points.

Keywords/JEL-Code: International Migration Wage-Setting Panel Econometrics F22, J31, J61

Saturday 12 September, 14:00 - 16:00

E08 - Migration: Effects on host Country Labour 2

Immigration and its Displacement Effects across Local Labour Markets

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University of Southampton, SOUTHAMPTON, United Kingdom

This paper empirically investigates the impact of current flows of immigrants on internal movements of natives and previous cohorts of foreign-born across the local authorities of England and Wales. To analyse if immigration induces a displacement effect, a theoretical framework with the particular feature that natives and immigrants are imperfect substitutes is adopted. The econometric analysis of unreleased confidential data from 2001 Census shows that immigration does not displace native working-age population; instead, flows of natives are complementary with those of new immigrants. There is evidence of displacement for earlier immigrants, with a substantial impact for the groups with no or low education. The robustness of the results is tested by using a different notion of labour market, excluding the students from the sample and analysing origin-destination flows.

Keywords/JEL-Code: Census, displacement effect, England and Wales international migration, internal migration local authority F22, J61, R23

Saturday 12 September, 14:00 - 16:00

E08 - Migration: Effects on host Country Labour 2

How Does Immigration Affect Native Internal Mobility? New Evidence from Italy

Sauro Mocetti, Carmine Porello

Bank of Italy, BOLOGNA, Italy

This paper investigates the relationship between native internal mobility and immigrant inflows. To address this issue we examine both the interregional migration of natives and the demographic evolution of the local labour markets. Endogeneity issue related to the location choices of immigrants are faced exploiting both the existence of previous enclaves and the proximity to "gateways" as instruments for immigrant geographical distribution. We find evidence of complementarities between immigrants and high-educated natives and (if any) a modest displacement effect on low-educated natives.

Keywords/JEL-Code: Immigration, native mobility, enclaves, distance I2, J61, O15, R23

Saturday 12 September, 14:00 - 16:00

E09 - Occupational Choice and Mobility

Determinants of Job and Residential Mobility in the Dutch Chemical Industry

Kristin Kronenberg

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The aim of this study is to identify and evaluate the determinants of employees' job and residential mobility. Register data provided by Statistics Netherlands allow for the construction of a virtually complete sample of the roughly 60,000 fulltime employees working in the Dutch chemical sector in 2003/2004. The dataset consists of information regarding the workers' individual characteristics, household structure, and employers. In the empirical analysis, a

multinomial model of job and residential change is estimated, and the results are discussed in the framework of utility maximization.

Keywords/JEL-Code: job mobility, residential mobility regional migration human capital J24, J61, J62, R23

Saturday 12 September, 14:00 - 16:00
E09 - Occupational Choice and Mobility

A Social Network Analysis of Occupational Segregation

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²University of Alicante, ALICANTE, Spain

We develop a social network model of occupational segregation between different social groups, generated by the existence of positive inbreeding bias among individuals from the same group. If network referrals are important for job search, then expected homophily in the contact network structure induces different career choices for individuals from different social groups. This further translates into stable occupational segregation equilibria in the labor market. We derive the conditions for wage and unemployment inequality in the segregation equilibria and characterize first and second best social welfare optima. Surprisingly, we find that socially optimal policies involve segregation.

Keywords/JEL-Code: social networks occupational segregation homophily J24, J31, J70, Z13

Saturday 12 September, 14:00 - 16:00
E09 - Occupational Choice and Mobility

The Returns to Occupation-Specific Human Capital. Evidence from Mobility after Apprenticeship

Juerg Schweri, Barbara Mueller

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Using a longitudinal dataset based on the PISA 2000 survey, we analyse the incidence of occupational mobility in the transition from apprenticeship to work and its effects on apprentices' wages in Switzerland. The share of occupation changers amounts to about 10 percent of the two-thirds who are employed one year after graduating from apprenticeship. Based on OLS estimates, those staying in their occupational field, but changing firm, earn about 5 percent more than their colleagues who change firm and occupation. Full-time VET school students change occupation more often, but earn less than firm-trained apprentices irrespective of occupational change. While accounting for apprentices' ability does not change the picture, accounting for the endogeneity of occupational change tends to increase the estimated wage differential between occupation stayers and changers. This indicates that occupation-specific human capital is an important component of apprenticeship training.

Keywords/JEL-Code: Occupational Mobility school-to-work transition training J62

Saturday 12 September, 14:00 - 16:00
E09 - Occupational Choice and Mobility

The Sources of Interindustry Labour Mobility: Demand Shifts or Mismatch?

Priscila Ferreira

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Recent studies have reported increasing rates of interindustry labour mobility and characterise the consequences of this type of job mobility. However, only few analysis attempt to identify the mechanism generating interindustry job mobility. The main contribution of this paper is to add evidence to the existing literature on the sources of between industry job mobility by investigating the relative importance of sectoral shocks and mismatch in this process. The we use matched employer-employee data in our analysis allows us to define match quality in two different ways: (i) as the standard deviation of a wage regression, and (ii) as the estimated unobserved match effects obtained from a match effects model. The comparison of these two measures of match quality is important. Should they imply similar results, we may be more confident in using more commonly available longitudinal data on individuals to derive measures of match quality, and analyse the importance of matching in explaining various labour market phenomena using such data.

Keywords/JEL-Code: interindustry mobility, mismatch, sectoral shocks estimation of unobserved match effects J21, J62, J63

Saturday 12 September, 14:00 - 16:00
E09 - Occupational Choice and Mobility

Play it Again Sam ? Career Concerns and Participation Decisions in Piano Competitions

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Career decisions are increasingly done by relative comparison of candidates. Within the context of piano competitions we show how competitions play an important role in overcoming uncertainty about ability of musicians. They can be seen as a signalling device to future employers, but also to reveal a relative ranking of musicians. We empirically distinguish between the signalling and the revelation of the ranking by using the participation decision to multiple competitions. Using a maximum likelihood estimator with a comprehensive data-set that spans all international piano competitions over several decades, we can show that musicians that perform well, take part in more competitions, but also that the importance of placements in subsequent competitions have a lower influence on the continued participation. This indicates that the learning aspect has a strong influence on the continued participation of pianist in multiple competitions.

Keywords/JEL-Code: Tournament Human Capital Signalling J24

Saturday 12 September, 14:00 - 16:00
E10 - Personnel Economics: Careers

The Italian Job: Match Rigging, Career Concerns and Media Concentration in Serie A

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²Bocconi University, MILAN, Italy

This paper contributes to the literature on competition and corruption, by drawing on records from Calciopoli, a judicial inquiry carried out in 2006 on corruption in the Italian soccer league. Unlike previous studies, we can estimate the determinants of match rigging and use this information in identifying corruption episodes in years in which there are no pending judicial inquiries. We find evidence of corruption activity well before Calciopoli. Career concerns of referees seem to play a major role in match rigging. An implication of our study is that a more transparent selection of the referees and evaluation of their performance is essential in removing incentives to match rigging. Another implication is that in presence of significant “winners-take-

all" effects, more competitive balance may increase corruption unless media concentration is also significantly reduced.

Keywords/JEL-Code: Corruption Career concern Soccer D73, L82, L83

Saturday 12 September, 14:00 - 16:00

E10 - Personnel Economics: Careers

Stars War in French Gastronomy, How Reputations are Made and Unmade. Prestige of Restaurants and Top French Chefs' Careers

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²University of Reims, REIMS, France

In this paper, we analyze the careers from a sample of more than 1,000 top French chefs over more than twenty years and link it to the success or reputation of the restaurants where they have worked. This allows us to test what are the determinants of success but also to investigate the dynamics of performance and reputation, stressing the importance of the quality of apprenticeships, mentoring and entrepreneurship spirit. Our paper has implications for the (emerging) literature on the dynamics of reputation. We find that the prestige of the restaurant where individuals work is on average declining along the career, and that the quality of apprenticeship is strongly related to the future success as chef.

Keywords/JEL-Code: careers, chefs, reputation, performance J24, M5

Saturday 12 September, 14:00 - 16:00

E10 - Personnel Economics: Careers

Tenure, Spill-Over Effects, and Output

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In jobs where tasks are similar over time and across workers, workers' productivity may benefit from both their own experience ("self-learning") and the knowledge of co-workers ("learning from others"). In this paper, we estimate learning curves for call center agents, distinguishing self-learning and learning from others. Using unique panel data of a call center which contains weekly information on individual performance, we find that, on average, agents increase their performance by 36% within the first 25 weeks of their appointment. 21% of this learning effect is related to spill-over effects. We check whether these results are driven by endogenous employment duration. However, we do not find any evidence for differences between stayers and leavers. Alternative measures of spill-over effects show that we truly measure spill-over effects and not spurious correlation. Moreover, our estimation results are robust when we control for team fixed effects

Keywords/JEL-Code: productivity spill-over effects tenure D24, J24, L89

Saturday 12 September, 14:00 - 16:00

E10 - Personnel Economics: Careers

Career Plans and Career Concerns

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Universitat Autònoma de Barcelona, BARCELONA, Spain

This article studies the incentive effects of career plans. When workers have career concerns, they exert high effort to convey high ability earlier on their careers and slack off toward the end. Depending on how precisely ability and effort can be observed in a position within a career plan, career incentives do not necessarily decrease over time. Additionally, we show how the efficient level of effort can be approximated with particular career plans. Finally we discuss the implications for timing signals, like having an MBA degree to enhance executive career performance.

Keywords/JEL-Code: Career concerns, incentives, learning M5, J24, J62, J32, D83

Saturday 12 September, 14:00 - 16:00

E10 - Personnel Economics: Careers

The Glass Door: The Gender Composition of Newly-Hired Workers Across Hierarchical Job Levels

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We investigate the gender composition of the flow of new hires in the Dutch labor market. We regress an indicator for female hiree on several measures of the hiree's position in the hierarchy of jobs, while correcting for the composition of the workforce and other characteristics of the firm. Using a uniform, interfirm measure of the hierarchical level, we find that hierarchies are very heterogeneous across firms, both in terms of their shape and with respect to the minimum and maximum layer. Our estimates confirm previous studies that women are less likely to be part of the flow of hires to the upper levels of the labor market. In addition, we find that the probability of hiring a female applicant when the job becomes more important in the hierarchy of the individual firm. More specifically, when there is a larger fraction of jobs inside the firm below the focal level of hiring, the probability of recruiting a female hiree becomes smaller. In contrast, the mass of jobs above the entrance level inside the firm (indicating hidden discrimination of the employers) seems to have hardly any effect on the entrance of female hires. These findings can be explained by a model in which women have a higher value of nonmarket productivity, and a resignation from a higher tier has a higher impact on the productivity of the co-workers. The finding that women constitute a smaller part of the flow of hires in the upper part of the hierarchy of individual firms points at the existence of a "glass door" that prevents women to move to the upper parts of the hierarchy. It affects the glass ceiling, for women have a more limited scope of outside opportunities.

Keywords/JEL-Code: hiring gender hierarchy J16; J23; J41; J63; M51

Saturday 12 September, 14:00 - 16:00

E11 - Retirement and Early Exit

Demographics, Participation Rate and Pensions

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The goal of the paper is to better understand if an immigration policy is the solution to the challenge of sustainable pension system in ageing countries. This is inspired by the case of Luxembourg where the share of cross-border commuters continuously increases and the pension system seems currently sound. To address this issue, we build an overlapping generation model with search unemployment and an open labor market. We calibrate it to data and find that increasing the share of foreign workers is not a long-term solution to the ageing of the population. However, well-chosen structural policies that increase the participation rate of the

elderly may help to sustain the pension system while being accepted by the population (median voter).

Keywords/JEL-Code: Overlapping Generations Search Unemployment Demographics and Pensions E24, H55, J26, J64

Saturday 12 September, 14:00 - 16:00

E11 - Retirement and Early Exit

To What Extent Discriminatory Attitudes towards Older Workers at Work Affect their Retirement Intentions

Pierre-Jean Messe

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This paper aims at investigating the effect of discriminatory attitudes towards older workers at work, regarding for instance promotion practices, on their retirement intentions. Using the first two waves of the Health and Retirement Study and correcting for the endogeneity bias through a first-difference model, we show for both genders that an older worker is intended to retire earlier, if he feels that his employer gives preference younger people over older people regarding promotions. Then we highlight a potential serial selection bias, and after correcting for it, we see that this assertion holds only for men.

Keywords/JEL-Code: Retirement intentions Human Resource management selection bias J14 J26

Saturday 12 September, 14:00 - 16:00

E11 - Retirement and Early Exit

Age and Productivity - Evidence from Linked Employer Employee Data

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Due to demographic and institutional changes the workforce is aging rapidly in most western, industrialised countries. Since there is evidence that individual performance is declining from a certain age, an aging workforce could have severe consequences on the performance of the economy as a whole. In order to assess possible consequences of an aging workforce, this paper measures the impact of changes in the age structure on establishment productivity. Since the levels as well as the changes in the age structure of establishments and their production are likely to be simultaneously determined, most of the existing studies presumably suffer from an endogeneity bias. In this paper we apply dynamic GMM methods for the estimation of the age" productivity profile. In our final specification we find that the productivity does increase until the age of 40"45. However, we do not find a meaningful decline of the productivity until the age of 60. This is different from existing studies that find inverse u"shaped age productivity profiles.

Keywords/JEL-Code: age-productivity-profile aging workforce LEED J11, J14, J21

Saturday 12 September, 14:00 - 16:00

E11 - Retirement and Early Exit

Institutional Rules, Labour Demand and Disability Programme Participation

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We use matched employer-employee data from Finland to model transitions out of work into sick leave and disability retirement. To identify the role of institutional factors we exploit a law change that made the medical requirements for disability pension eligibility tougher for a certain group, as well as partially experience-rated employer contributions that vary with the firm size. We find evidence that employers do exploit disability retirement as a way of adjusting their workforce, and that this behaviour depends on the stringency of medical screening and the degree of experience rating.

Keywords/JEL-Code: Disability pension Experience rating Early retirement J14, J23, J26

Saturday 12 September, 14:00 - 16:00
E12 - Wage Mobility 2

The Performance of Employer-to-Employer Mobility

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This paper contributes to the investigation of employer-to-employer mobility across the career of wage maximizing individuals. The mobility model derived here is establishing the benchmark for optimal transitions. Furthermore, generalizations provide an explanation for the coexistence of wage reductions and wage markups induced by mobility. The empirical investigation, based on German linked employer-employee data, is on estimating counterfactual wage trajectories to conclude whether the between-firm wage path exceeds the within-firm wage trajectory. Hence, an evaluation of the performance of individual employer-to-employer mobility is conducted. The results show that most of the employer-to-employer transitions are accompanied by wage losses.

Keywords/JEL-Code: Employer-to-employer mobility, wage trajectories, J24, J30, J31, J62

Saturday 12 September, 14:00 - 16:00
E12 - Wage Mobility 2

Being Low Paid: Springboard or Dead End? Evidence from Administrative Data in Germany and Austria

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Does the low wage sector serve as a stepping stone towards integration into better-paid jobs or at least towards integration of jobless people into employment? There is evidence for a “low-wage trap” and for a high risk of low-wage earners to get unemployed, but this may also be due to sorting effects and not to low-wage work itself. We want to contribute to this debate and analyse employment spells of male low-wage earners, who had been unemployed before, with methods of continuous-time event history analysis. Our data have been retrieved from two large administrative micro-data sources: The IAB employment sample (IABS) for Germany, and a combination of social security data from the Austrian Social Insurance Institutions with information on registered unemployment from the public employment service for Austria. We focus on two possible exits of low-wage spells: Exits to higher-paid employment (upward mobility vs. persistence), and exits to unemployment (“no-pay-low-pay cycle”). The results show shorter spell durations in Austria, pointing to a considerably higher fluctuation and labour turnover in the Austrian labour market. We investigate the influence of individual and firm-related characteristics and of the individual unemployment history on exit probabilities and the role of duration dependence in both countries. Results for both countries show that, after controlling for these

characteristics, upward wage mobility does neither increase nor decrease with employment duration, but our tentative results show some evidence for a low-pay - no-pay cycle.

Keywords/JEL-Code: Wage mobility; unemployment; low wage sector; J31

Saturday 12 September, 14:00 - 16:00

E12 - Wage Mobility 2

Maternity and Working Life: Reconsidering the Effectiveness of Part-Time Employment

Maite Blazquez, Julian Moral

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The way in which professional and familiar life are reconciled might have important economic consequences both at individual and aggregate level. While as a flexible form of employment, part-time work may serve to reconcile professional and family life and increase female participation in the labour market, it can also give rise to new forms of inequality, thereby undermining the equal opportunities objectives established by the EU social policy. Creating substantive equality between part- and full-time workers and achieving gender neutrality means, above all, to ensure that those workers who combine part-time work with child care responsibilities do not suffer detrimental consequences in their career prospects. Although several actions at European Community level have been undertaken in the last decade to achieve greater equality between part- and full-timers, there is still evidence of a close relationship between atypical work, forms of parental leave, and gender discrimination in the labour relations of Member States. In this respect, many academic works have convincingly demonstrated how part-time workers are very often at a disadvantage when compared to their full-time counterparts. One disadvantage not explored yet in the current literature is the higher probability of transition into non-employment amongst part-timers. In this paper, we focus on the effects that the existence of differences in these transition rates between part- and full-timers, and the subsequent persistence of non-employment episodes, have on female career prospects. We present a theoretical model that incorporates those differences in unemployment risk and that serves us to conclude that, when part-timers experience higher probabilities of exiting the labour market, this form of employment becomes less attractive for women with child care responsibilities. This might serve to explain why in some countries full-time employment is the preferred option for mothers who want to remain in the labour market.

Keywords/JEL-Code: Childcare, part-time employment J13, J22

Saturday 12 September, 14:00 - 16:00

E12 - Wage Mobility 2

The Structure of the Temp Wage Gap in Slack Labor Markets

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As a consequence of the rapid growth of temporary agency employment in Germany the debate on the remuneration of temporary agency workers has intensified recently. The study finds that the temp wage gap in Germany is indeed large. Decomposition reveals that the gap is mainly driven by differences in personal characteristics. Temps already suffer from a marked wage decline before entering the temporary help sector. Nevertheless, temporary help employment does not leave a long-lasting scar. After leaving the sector, workers no longer suffer from a wage penalty. A recent reform set a high incentive for temporary help agencies to pay their workers according to a collective agreement. Surprisingly, the unionization of the sector could not bring the widening wage gap to a halt.

Keywords/JEL-Code: temporary agency employment wage differential decomposition J30, J31, J42

Saturday 12 September, 16:30 - 18:30
F01 - Education and Students

The Impact of the Academic Calendar on Student Performance: Evidence from the UK

Giorgio Di Pietro

Westminster Business School, LONDON, United Kingdom

Although the structure of the university academic calendar has been the subject of numerous debates, very little empirical research has been conducted on it. This paper uses data from a single school of a post-1992 UK university to study the impact of switching from a two-semester calendar to a year-long calendar on undergraduate student performance. The empirical results support the hypothesis that the adoption of the year-long academic calendar had a negative impact on exam scores.

Keywords/JEL-Code: university academic calendar exam score before-after estimates I20 and I21

Saturday 12 September, 16:30 - 18:30
F01 - Education and Students

Bad Influences? Social Interactions Effects in Teenage Smoking, Drinking and Drug Taking

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This paper estimates endogenous social interactions effects in substance use - smoking tobacco, drinking alcohol, using cannabis and other drugs - amongst UK teenagers in their final year of compulsory schooling. Identification is achieved by a combination of fixed effects, instrumental variables and, most notably, by exploitation of self-reported data on the behaviour of friendship groups that vary across individuals and are therefore distinguishable from the school-class (neighbourhood) context. The results suggest the existence of large endogenous social interactions effects in all four forms of substance use.

Keywords/JEL-Code: social interactions peer effects I12; Z13

Saturday 12 September, 16:30 - 18:30
F01 - Education and Students

Timing and Incentives: Impacts of Student Aid on Academic Achievement

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This paper models the university-to-work transition in a stochastic dynamic environment, where students may study and work simultaneously. The structural model is estimated using a unique panel data set with exogenous variation from changing threshold levels for maximum student grants. Estimates reveal that uniformly increasing student aid increases enrollment time. Policy simulations show that because of the non-linear effect of student employment on academic achievement, however, tilting student aid towards those who work fewer hours increases graduation rates by 5 percentage points, but is ineffective in shortening times-to-graduation. A combination of tilting student aid and improving student abilities early in the education production process would both increase graduation rates and lower times-to-graduations. Building incentives into the student aid package with merit aid or timely graduation bonuses may be more effective policy devices to amend these academic outcomes.

Keywords/JEL-Code: Student Aid Investment in Education Grade Level Progression I21, I28, J24

Saturday 12 September, 16:30 - 18:30
F01 - Education and Students

Grade Retention and School Performance

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²Université Catholique de Louvain, Louvain, Belgium

This paper evaluates the effects of grade retention by exploiting a reform introduced in 2001 in the French Community of Belgium whereby the possibility of grade retention in Grade 7 was reintroduced. We use data from three waves of the PISA study (corresponding to periods before and after the reform) to evaluate the effects of grade retention. More precisely, we investigate whether we find any evidence of a “screening out” effect of grade retention, that is, we evaluate whether grade retention at least succeeds at filtering out weaker pupils, pupils who would presumably be disadvantaged by being promoted directly to higher grades. This is a minimum condition for grade retention to have any justifiable grounds. We fail to find any evidence of a positive screening out effect, which cast serious doubt on the benefits of a grade retention regime.

Keywords/JEL-Code: Grade retention I2

Saturday 12 September, 16:30 - 18:30
F02 - Family and Work: Family Behaviour

Time Allocation, Gender and Norms: Evidence from Post-Genocide Rwanda

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This paper investigates the determinants of time allocation in the post-war setting of a developing country. A decade after the 1994 genocide, Rwanda still bears the demographic impact of the war, which killed many more men than women and altered the ideal division of labor across gender. The paper contributes to prior research by providing a careful and nuanced approach to gender and norms on social roles. Results indicate that, first, the division of tasks among household members is driven by very different factors in male and widow-headed households and second, household hierarchy and gender are interrelated.

Keywords/JEL-Code: time allocation gender norms J22, O12, D13

Saturday 12 September, 16:30 - 18:30
F02 - Family and Work: Family Behaviour

Between Children and Friends: Financial Solidarity of Family and Friends in the Netherlands

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Financial transfers are often part of relationships both within the family networks and between friends. This raises the question whether financial gifts to and from friends and to and from family are related. Do people give more to their friends if they give less to their children? Or, are people who receive money from one relation also more likely to receive money from others? And, does the relationship with friends change when people have children? In this paper we explore the simultaneity of the transfers from and to children and friends to improve our understanding of the motives for financial solidarity. To this aim we use data from Netherlands Kinship Panel Study 2005 in which respondents (here called anchors), reported transfers from and to their children and friends. We first relate these financial transfers to individual characteristics of both the

anchor and respective donors or beneficiaries and secondly investigate the correlations between each pairs of transfers for the main sample and different sub-groups. Our findings suggest that there exist a strong correlation between transfers from and to both children. A similar though less strong correlation is found when comparing relationships with children and friends simultaneously. In contrast with parent-child relationships we find a strong tendency for reciprocity between friends. With the increase of number of children, the reciprocity of the anchors towards their friends declines. The findings support 'warm glow' related motives, and do not support the altruism hypotheses as an explanation for financial solidarity.

Keywords/JEL-Code: intergenerational transfers, altruism, reciprocity D10, D64, J13

Saturday 12 September, 16:30 - 18:30

F02 - Family and Work: Family Behaviour

Family Structure Changes and Children's Health, Behavior, and Educational Outcomes

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More and more children do not grow up in traditional nuclear families. Instead they grow up in single parent households or in families with a step-parent. Hence it is important to improve our understanding of the impact of 'shocks' in family structure due to parental relationship dissolution on children. In this study I empirically test whether children are traumatized by shocks in the family structure during childhood. I focus on both educational, behavioral, and health outcomes. A population sample of Danish children born in January to May 1983, 1984, and 1985 is used for the analysis. The empirical cross-sectional analysis indicates a negative relation between the number of family structure changes and children's educational outcomes. Children experiencing many family structure changes also seem to have worse health outcomes.

Keywords/JEL-Code: family structure child outcomes D13, I12, I21, J12

Saturday 12 September, 16:30 - 18:30

F02 - Family and Work: Family Behaviour

Are Child Benefits Fungible?: Evidence from a Natural Policy Experiment

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We examine whether child benefits are fungible, and hence cannot influence the household's expenditure behaviour in ways that other types of income can, by exploiting a unique policy reform that gave for the first time a non-means tested cash child benefit payment to all families with at least four children. Moreover, we examine whether this property depends on who in the household receives the payment. The existing research on this issue provides inconclusive evidence. We apply a difference-in-difference approach and find evidence in favour of the non-fungibility of child benefits. After the reform, when the mother received the payment, the treatment group spent more on children's clothing and food relative to the control group. This is known as the labeling effect of child benefits. In contrast, after the reform when the payment was made to the father, the treatment group spent more on tobacco relative to the control group. These gender differences in mental accounting and/or preferences are important in the design of public policy that aims to affect the intrahousehold allocation of resources and children's welfare.

Keywords/JEL-Code: intrahousehold allocation children's welfare fungibility of income D13, J18

Saturday 12 September, 16:30 - 18:30

F03 - Labour Demand and Institutions

Are Long-term Jobs Disappearing - Evidence from Lifetime Employment Histories

Roope Uusitalo, Miikka Rokkanen

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We use lifetime employment histories from the pension records to evaluate changes in job stability in Finland between 1965 and 2004. We specify a standard duration model and estimate the effects of elapsed duration, age, and cohort on the hazard of job ending using individual-level panel data spanning over four decades. We then use the estimated hazards to simulate the length of the longest job over the entire career and show that even though the risk of the job loss has slightly increased also the most recent cohorts are almost equally likely to find themselves in a lifetime job lasting for more than twenty years. We also demonstrate that fluctuations of the hazard rate together with the changes in labor market entry rates have complicated dynamic effects on the elapsed tenure distribution and that analysing the changes in job stability based on elapsed tenure in on-going jobs may be quite misleading.

Keywords/JEL-Code: job stability long-term employment relationships employment history data J21, J41, J62, J63

Saturday 12 September, 16:30 - 18:30
F03 - Labour Demand and Institutions

Does Unionism Avoid Polarization? Evidence from the Italian Labor Market

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In last decades US and UK labor markets have been undergoing a deep restructuring in response to a powerful force of change, the computerization process. As a result, from the late 1980s, the related wage structures have been experiencing some interesting radical changes: 1) wages have been growing faster in the top and bottom of the earning distribution than in the middle; 2) the proportion of middle income jobs has been declining. These phenomena have been called labor market polarization trends. Few works have appeared covering continental Europe, where noteworthy labor market institutions are able to mitigate the effects of market forces through the collective bargaining process. This analysis aims at filling this gap in the literature, verifying the presence of polarization trends in the Italian labor market and studying the interactions between labor market institutions and technical innovations of last decades. The WHIP dataset, from the Italian social security institute (INPS) reveals a huge polarization in wages but no polarization trend in employment in Italy. We develop a theoretical framework that analyzes the impact of computerization on wages and employment in different parts of the wage distribution. We imagine an economy with three types of human labor inputs in production: high-skilled workers performing non-routine cognitive tasks, moderately skilled workers performing routine tasks, and low skilled workers enrolled in nonroutine manual tasks. Our point of reference is the framework of Autor et al. (2006), which proposes a nuanced version of the skill biased technological change for the US case. In their framework computerization is embodied by an exogenous shock, i.e. the decline in the real price of computers. The main difference between our model and their one is the labor market environment: while they analyze the effects of computerization in a competitive framework, we adopt a bargaining framework in which the optimal employment level depends on the union membership rule. Consistently with our empirical evidence, our model predicts a clear polarization pattern for wages and not for employment when only currently employed workers are union members. On the contrary, we have a weaker effect on wages and a polarization pattern in employment when union represents the all low-skill labor supply. We conclude that union can influence the way computerization acts on the labor market. The more restrictive is the target of the union policy, the greater is this influence. The comparison between the Italian and American labor markets is a useful step in order to verify whether national peculiarities can still lead to different inequality trends in a global economy.

Keywords/JEL-Code: Polarization, Unionism J21

Saturday 12 September, 16:30 - 18:30
F03 - Labour Demand and Institutions

The Effect of Employment Protection Legislation and Financial Market Imperfections on Investment: Evidence from a Firm-Level Panel of EU countries

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The purpose of this paper is to assess the effect of EPL on investment, capital-labour ratio and labour productivity using a cross-country firm-level dataset. Following Rajan and Zingales (1998) our estimates exploit both variation in the regulation across countries and the different relevance of the constraints imposed by regulation on different firms. We also exploit the availability of firm-level information on financial variables (operating cash flow and return on assets (ROA)) to analyze the interaction of EPL and financial market imperfections on investment decisions. The results show that EPL reduces investment per worker, capital per worker and measured labour productivity (value added per worker) in high reallocation sectors relative to low reallocation sectors. Effects are non-negligible as they range from 11% of the observed standard deviation of the country-industry distribution of investment per worker; 21% of the standard deviation of capital per worker; and 34% of the standard deviation of labour productivity.

Keywords/JEL-Code: employment protection; productivity J21, J31

Saturday 12 September, 16:30 - 18:30
F03 - Labour Demand and Institutions

Foreign Ownership Wage Premia in Emerging Economies: Evidence from Czech Republic

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In this paper we look the relationship between wages, labour productivity and ownership using a linked employer-employee dataset covering a large fraction of the Czech labor market during years 2005 and 2006. We distinguish different origins of ownership and study wage and productivity differences. We found that the raw difference in average firm wages between foreign and domestically owned firms is around 25 per cent, respectively. Accounting for differences in the compositions in firms' workforces, as measured by firm means of human capital variables, for regions and industries firm size the difference drops to 16 percent. The unconditional differences relative to domestic firms differ widely by continents of origin: it is 24 per cent for the EU15 countries, 22 per cent for other European countries and 28 per cent for the U.S. owned companies. There is no significant pay difference between domestic firms and the Asian owned firms. Controlling for human capital, firm size, region and industry, again decreases the wage differentials. Similarly as previous studies we observe that estimations of wage premium conducted on firm level data are higher than when estimated on individual data. The unconditional foreign ownership premium is considerably smaller than for firm average wage, around 6 per cent for year 2006. Secondly, and more importantly, when we add human capital variables, region and industry dummies and firm size to the wage regression, the differential surprisingly even increases. In the full model, the foreign ownership premium is 14 per cent.

Keywords/JEL-Code: Foreign ownership wages J31, D21

Saturday 12 September, 16:30 - 18:30
F04 - Labour Market Policies and Job Search

How Do Job Search Requirements Affect Reservation Wage of Older Unemployed Workers?

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In this study we ask how reservation wages of older unemployment benefit recipients change if they are no longer subject to the standard job search requirements. In Germany, unemployed turning 58 years had until the end of 2007 the option to receive unemployment benefits without standard job search requirements. Using this discontinuity, we are able to identify how job search requirements affect reservation wages. Consistent with theoretical predictions, our findings indicate that participation in the program increases reservation wage.

Keywords/JEL-Code: job-search, reservation wage, regression discontinuity C41, J64, J65

Saturday 12 September, 16:30 - 18:30
F04 - Labour Market Policies and Job Search

Labor Market Policy Evaluation in Equilibrium: Some Lessons of the Job Search and Matching Model

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We analyze the consequences of counseling provided to job seekers in a standard job search and matching model. It turns out that neglecting equilibrium effects induced by counseling can lead to wrong conclusions. In particular, counseling can increase steady state unemployment although counseled job seekers exit unemployment at a higher rate than the non-counseled. Dynamic analysis shows that permanent and transitory policies can have effects of opposite sign on unemployment.

Keywords/JEL-Code: evaluation equilibrium effect labor market policy J64 J68

Saturday 12 September, 16:30 - 18:30
F04 - Labour Market Policies and Job Search

The Best Ones Come Out First! Early Release and Recidivism: A Regression Discontinuity Approach

Olivier Marie

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The prison system in most developed countries is faced with two major problems: over-crowding and high recidivism rates after release. Early discharge of prisoners on electronic monitoring or 'tag' has become a popular policy to try and solve both these problems. However there is still no solid evidence to show that such schemes have an impact on future criminal behaviour. This is because there are usually important selection issues since the best behaved inmates are often the ones to be released early. In this paper we exploit an administrative rule which makes offenders sentenced to less than three months in prison ineligible for the Home Detention Curfew (HDC) scheme in England and Wales to estimate the impact of early release on recidivism using a regression discontinuity (RD) approach. We have access to very detailed data on all prisoners released between 2000 and 2006 and their past and future criminal history. We first obtain

estimates controlling and matching on observable characteristics which find that the policy strongly reduce recidivism. The RD methodology takes into account the importance of unobservable prisoner characteristics and the estimated impact of the policy is consequently scaled down by two thirds. Still we find that HDC decreases recidivism by 4 to 7 percent. We believe this makes it a successful policy in terms of rehabilitation considering the high offending rates among ex-prisoners and the relatively low cost of implementing HDC.

Keywords/JEL-Code: Crime and Punishment Program Evaluation Recidivism H00 K42 H43

Saturday 12 September, 16:30 - 18:30

F04 - Labour Market Policies and Job Search

Correcting Misclassification in a Dynamic Non-Linear Model : Application to the Evaluation of a French Employment Program

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In 2002, to decrease the insecurity of career paths at the beginning of the active life, the newly elected French government set up the 'Contrat Jeune en entreprise' (CJE). From July 2002 to December 2007, firms could ask for a subsidy when they hired under an open-ended contract young workers aged of less than 23 years old and low-qualified. To assess the impact of the CJE on the flows from and into long term contracts, we estimate a dynamic difference in difference model on the French Labor Force Survey. Precisely in 2002, both the Labor Force Survey core questionnaire and interrogation design were thoroughly modified : important changes affect the measurement of the job status. In this paper we present a method, inspired from Keane and Sauer (2008), to deal simultaneously with misclassification induced by changes in the survey feature and by recall errors in the estimation of a standard difference in difference model. In contrast of similar measures set up in Spain or in Italy, we find that the measure did not impact the propensities of finding a permanent contract for eligible youngsters.

Keywords/JEL-Code: Open-ended contracts Misclassification Difference in Difference Models C23, J41

Saturday 12 September, 16:30 - 18:30

F04 - Labour Market Policies and Job Search

Monitoring and Sanctions in a Non-Stationary Structural Job Search Model

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We develop a structural econometric model of job search with monitoring and sanctions. Search environment is nonstationary due to sanction threat and anticipation of benefit reduction. Chances of avoiding the sanction are endogenous and depend on the optimal search behaviour in the period prior to meeting with the monitoring authority. Estimation of the model for the data of a pilot monitoring and sanction programme in Belgium shows weak reemployment effects in the initial phases of the programme and stronger reemployment effects closer to programme termination.

Keywords/JEL-Code: Unemployment benefits nonstationary job search monitoring J64,J68,C41

Saturday 12 September, 16:30 - 18:30

F05 - Macroeconomics of Unemployment: Aggregate Evolution 2

Political Instability, Labour Market Regulation and Unemployment

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In this paper we investigate how the labour market policy stance of a government may be affected by the structure of the political process. We present a theoretical model in which political instability drives the economy towards an equilibrium with labour market regulation and involuntary unemployment. We empirically test these predictions using a panel of 21 OECD countries for the period 1985-2002. Our results support the hypothesis that political instability and polarisation are associated to a higher policy stance in the labour market and to higher unemployment.

Keywords/JEL-Code: Political instability Labour market institutions Unemployment J64, J88, H11

Saturday 12 September, 16:30 - 18:30

F05 - Macroeconomics of Unemployment: Aggregate Evolution 2

FDI and the Labor Share in Developing Countries: A Theory and Some Evidence

Paul Maarek, Bruno Decreuse

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This paper addresses the effects of FDI on the labor share of income in developing countries. Our theory relies on the impacts of FDI on productive heterogeneity between firms in a frictional labor market. FDI has two opposite effects on the labor share: a negative force originated by market power and technological advance, and a positive force due to increased labor market competition between firms. We test this theory on aggregate panel data through fixed effects and system-GMM estimations. We find a quantitatively meaningful U-shaped relationship between the labor share in the manufacturing sector and the ratio of FDI stock to GDP. However, most countries are stuck in the decreasing part of the curve, which we relate to multinationals' location choices.

Keywords/JEL-Code: FDI; Matching frictions; Firm heterogeneity; E25; F16; F21

Saturday 12 September, 16:30 - 18:30

F05 - Macroeconomics of Unemployment: Aggregate Evolution 2

Decomposing the Ins and Outs of Cyclical Unemployment

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We analyse the cyclicity of the U.S. labor market using a new Blinder-Oaxaca decomposition for logit models which decompose differences in exit rates out of unemployment between different phases of the business cycle. This allows us to quantify the importance of composition effects and behavioral effects for the evolution of the exit rate out of unemployment. Our results indicate that the evolution of the hazard of transiting from unemployment to employment is entirely due to the behavioural effect, and that the composition effect does not play any role. This points to outflows governing the evolution of unemployment over the cycle.

Keywords/JEL-Code: job finding rate Blinder-Oaxaca decomposition gross worker flows J63

Saturday 12 September, 16:30 - 18:30

F06 - Microeconomics of Unemployment 2

Is the General Use of Benefit Sanctions Really Effective to Activate the Unemployed? Evidence from Welfare Recipients in Germany

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Recently published studies that investigate the effect of benefit cuts on the employment prospects of unemployed show that sanctions substantially increase the probability of an individual to get employed. This evidence suggests at first sight that benefit sanctions are an effective tool in the activation process of the unemployed and should be used more frequently by welfare agencies to enhance employment uptake and to reduce welfare dependency. However, the effectiveness of the general usage of sanctions has not been thoroughly studied so far. In this paper we make use of a unique data set of German welfare recipients that is rich with respect to individual and agency level information. In particular we observe the general sanction strategy of a welfare agency. We apply this information to instrument individual sanctions and estimate the impact of a sanction on those individuals who would be the target group of welfare agencies if sanctions were used more frequently as part of an intensified activation strategy. Our results show that sanctions are not a remedy among this group to reduce unemployment or welfare dependency and might even be counterproductive. Therefore, we have to conclude that the general usage of sanctions is ineffective and cannot be recommended as a useful activation strategy.

Keywords/JEL-Code: benefit sanctions welfare recipients instrumental variable estimation, LATE C31, I38, J64

Saturday 12 September, 16:30 - 18:30
F06 - Microeconomics of Unemployment 2

An Economic Analysis of Dismissal Legislation: Determinants of Severance Pay in West Germany

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Severance pay is a vital part of employment protection legislation (EPL). We investigate the incidence and level of severance pay for dismissed employees. Our theoretical model predicts that not only the law and its interpretation by labour courts but also the costs of a suit have an impact. Using West German panel data for 1991-2006, we find that the employees' costs of a suit and the legal determinants of such transfers affect the incidence of severance payments. In contrast, their level only varies with legal regulations. Our results imply that the strictness of EPL in Germany varies with extra-legal factors like employees' financial constraints.

Keywords/JEL-Code: labour law severance pay survey data J 65, K 31, C 23, C 2

Saturday 12 September, 16:30 - 18:30
F06 - Microeconomics of Unemployment 2

The Effects of Savings on Reservation Wages and Search Effort

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This paper discusses the interrelations among wealth, reservation wages and search effort. A theoretical job search model is constructed, which predicts wealth to affect reservation wages positively, and search effort negatively. Moreover, the model shows that reservation wages have

a negative effect on search effort, thereby also predicting an indirect negative effect of wealth on search intensity. I take these theoretical results to the data by estimating a simultaneous-equations model for wealth, reservation wages and search intensity. The data used is a Dutch panel, containing detailed information on individual wealth and income, subjective reservation wages and proxies for search effort. The main empirical results show that wealth has a significantly positive effect on reservation wages, though it has no significant effect on search effort. Since reservation wages do have a significant negative impact on search effort, the wealth-effect on search effort only takes place indirectly, via an increased reservation wage. Keywords/JEL-Code: search wealth consumption smoothing D1, J64.

Saturday 12 September, 16:30 - 18:30
F06 - Microeconomics of Unemployment 2

Reservation Wages, Expected Wages and the Duration of Unemployment: Evidence from British Panel Data

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In this paper we analyse the role of wage expectations in an empirical model of incomplete spells of unemployment and reservation wages. To be specific, we model the duration of unemployment, reservation wages and expected wages simultaneously for a sample of individuals who are not in work, where wage expectations are identified via an exogenous policy shock based upon the introduction of Working Family Tax Credits (WFTC) in the UK. The results from the empirical analysis, which is based on the British Household Panel Survey, suggest that WFTC eligibility served to increase expected wages and that expected wages are positively associated with reservation wages. In addition, incorporating wage expectations into the econometric framework was found to influence the magnitude of the key elasticities: namely the elasticity of unemployment duration with respect to the reservation wage and the elasticity of the reservation wage with respect to unemployment duration.

Keywords/JEL-Code: Expected Wages Reservation Wages Unemployment Duration J64

Saturday 12 September, 16:30 - 18:30
F07 - Migration: Mechanisms of Migration 2

Segregation and Health: Evidence from a Settlement Policy

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Racial and ethnic disparities in health are large and well documented. Knowledge of the underlying reasons may help us to understand differences in other outcomes related to health; e.g. labor market success and educational performance. This paper asks whether segregation affect immigrants' health. An exceptionally rich dataset in combination with plausibly exogenous variation in segregation provides an opportunity to investigate the question in much greater detail than what has been possible in the previous literature. The dataset covers the entire Swedish working-age population and contains annual information on the exact diagnosis for all individuals admitted to Swedish hospitals, as well as a wide range of individual background characteristics. This allows me to investigate some of the mechanisms through which segregation could affect health, e.g. income and stress. It is however difficult to identify the causal link between segregation and health since individuals might sort across residential areas based on unobserved characteristics related to health. To deal with this methodological problem I exploit a governmental refugee placement policy which provides plausibly exogenous variation in segregation. In contrast to most previous studies, the results suggest that there is no statistically significant effect of segregation on the overall probability of being hospitalized. The results are

robust to several sensitivity checks. The last part of the paper asks what would the results have been had endogenous sorting not been taken into account. Indeed, the OLS estimates suggest a strong positive correlation between segregation and the risk of being hospitalized. Taken together, the overall conclusion is that there is no, or at least very weak evidence that segregation affects immigrants' health.

Keywords/JEL-Code: Natural Experiment Mortality Placement Policy J15

Saturday 12 September, 16:30 - 18:30

F07 - Migration: Mechanisms of Migration 2

Migration Structure in Estonia: Survey-Based Evidence

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This paper presents new evidence from a unique survey of firm managers on migration patterns in Estonia in 2007. An average emigrant from Estonia was most likely a young person between 15 - 34 years of age, blue-collar worker and male. Contrary to evidence from other countries and/or earlier time periods, employees with low education level were more likely to emigrate than highly educated workers. We assessed, which enterprises were more exposed to cross-border movement of workers. Vast majority (97%) of emigrants left from private sector enterprises. Most of the immigrant workers were employed by private sector companies as well. Firms hiring a larger share of low-skilled blue collar workers were more exposed to international labour mobility. The regression results indicated that the tendency to emigrate was the strongest among construction sector employees, whereas immigrant workers were most likely hired by manufacturing companies.

Keywords/JEL-Code: immigration, emigration, survey F22, J61, J62

Saturday 12 September, 16:30 - 18:30

F07 - Migration: Mechanisms of Migration 2

Marriage Migrants from Turkey and Pakistan in the Danish Labour Market - The Influence of Spousal Characteristics

Vibeke Jakobsen

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This study examines the employment patterns of female and male marriage migrants who came to Denmark from Turkey and Pakistan, focusing on the labour market assimilation of those who migrated for family formation. Using register data from Statistics Denmark, the study analyses the relationship between employment probability and spousal characteristics for the marriage migrants during their first five years following migration. The findings shows that the employment rate increases for female marriage migrants in this period, while male marriage migrants have the highest employment rate only in their first year in Denmark. Most importantly, whether the spouse is a Dane, a second-generation immigrant, or an immigrant who came to Denmark during pre-school age, school age or after-school age clearly affects the labour market assimilation of both male and female marriage migrants.

Keywords/JEL-Code: marriage migrants employment gender J61

Saturday 12 September, 16:30 - 18:30

F07 - Migration: Mechanisms of Migration 2

A Gendered Approach to Temporary Labour Migration and Cultural Norms. Evidence from Romania

Raluca Prelipceanu
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This paper analyses the determinants of the Romanian temporary labour migration during the transition period. First of all, we build a household level model in order to explain the decision to migrate in a couple. Then, by using a 10% sample of the Romanian 2002 Census we try to assess the importance of the gender bias for the migration decision. The main questions raised are “Do migration determinants differ according to gender?” and “Do local norms influence the propensity to migrate of women and that of men?”. Our results prove the existence of important differences between the migration decision of men and that of women as well as the influence of cultural norms on gender roles on the latter’s decision to migrate.

Keywords/JEL-Code: temporary labour migration, gender inequality household production, social norms R23, J16, D13, O12

Saturday 12 September, 16:30 - 18:30
F07 - Migration: Mechanisms of Migration 2

Post-Communist Immigration: Testing the Selection Hypotheses for Immigrants in the US and EU

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The end of the Soviet Union and communist regimes throughout Eastern Europe provide a unique opportunity for the analysis of immigrant selection, or who chose to emigrate compared to who didn’t, over time. In this paper I analyze immigrant selection before and after the fall of the Soviet Union within a Roy Model framework. With micro-level data from Russia, Ukraine, and Bulgaria, along with data for immigrants in the United States, Spain, and Greece, I compare immigrants’ predicted wages in the source country with the predicted wages of their native counterparts for both the communist and post-communist periods. I also use the Dinardo, Fortin, and Lemieux (1996) re-weighting method to weight the source country (Russia, Ukraine, and Bulgaria) wage distributions by the characteristics of immigrants in host countries. These approaches allow me to see what part of the source country distribution immigrants would fall in had they not emigrated, providing a measure of immigrant selection. I find evidence of positive selection for the US, and negative selection for Greece and Spain after the fall of the Soviet Union. Using retrospective data from Ukraine from 1986, I find that selection among Soviet men in the US was intermediate and selection among women was positive.

Keywords/JEL-Code: international migration, Roy Model Russia, Eastern Europe F22, O15, J61

Saturday 12 September, 16:30 - 18:30
F08 - Personnel Economics: Rewards

Wage Dispersion and Firm Productivity in Different Working Environments

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This paper investigates the impact of wage dispersion on firm productivity in different working environments. More precisely, it examines the interaction with: i) the skills of the workforce, using a more appropriate indicator than the standard distinction between white- and blue collar workers, and ii) the uncertainty of the firm economic environment, which has, to our knowledge, never been explored on an empirical basis. Using detailed LEED for Belgium, we find a hump-shaped relationship between (conditional) wage dispersion and firm productivity. This result suggests that up to (beyond) a certain level of wage dispersion, the incentive effects of

“tournaments” dominate (are dominated by) “fairness” considerations. Findings also show that the intensity of the relationship is stronger for highly skilled workers and in more stable environments. This might be explained by the fact that monitoring costs and production-effort elasticity are greater for highly skilled workers and that in the presence of high uncertainty workers have less control over their effort-output relation and associate higher uncertainty with more unfair environments.

Keywords/JEL-Code: Wage Dispersion, Labour Productivity Working Environments, Linked Employer-Employee Data Compensation Methods and Their Effects J31, J24, M52

Saturday 12 September, 16:30 - 18:30
F08 - Personnel Economics: Rewards

The Power of Differentiation? - An Empirical Investigation on the Incentive Effects of Bonus Plans

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It is often claimed that supervisors do not differentiate enough between high performing and low performing employees when evaluating performance. This in turn should reduce the incentive effects of bonus plans. Hence, we study the impact of differentiation in bonus payments on subsequent performance empirically with a large panel data set. We find that on average stronger differentiation indeed has a substantial positive effect on future performance. This effect is the larger the higher the hierarchical level. But differentiation may become harmful at the lowest hierarchical levels. Additionally, we investigate effects in functional areas and career ladders.

Keywords/JEL-Code: Bonus payments Differentiation Performance effects J30, J44, M52

Saturday 12 September, 16:30 - 18:30
F08 - Personnel Economics: Rewards

Performance Appraisals and the Impact of Forced Distributions -An Experimental Investigation

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We experimentally analyze a situation where a supervisor has to give workers individual performance ratings. The ratings are directly linked to bonus payments for the workers. We provide evidence for the presence of a leniency bias even in an anonymous and controlled environment of a laboratory, i.e. supervisors assign the top grade in the majority of cases. Our data suggests, however, that a higher differentiation of grades increases the workers' performance in subsequent rounds. In organizations, the implementation of a forced distribution system is often discussed to solve this dilemma and force supervisors to differentiate. Interestingly, implementing a forced distribution system does not enhance performance, indicating that deliberate grading decisions are perceived differently and have a stronger impact than a forced grading decision.

Keywords/JEL-Code: Performance Measurement; Forced Distribution; Moti C 91, D 83, J 33, M 52

Saturday 12 September, 16:30 - 18:30
F08 - Personnel Economics: Rewards

Uncertainty, Autonomy, Pay for Performance and Efficiency Wages

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In this paper we provide a model of contract selection between pay for performance and efficiency wages. When the uncertainty within the job is high the firm grants the worker autonomy and selects a pay for performance compensation scheme as incentive device. On the contrary, when the uncertainty within the job is low the firm grants no autonomy and selects an efficiency wage compensation scheme as an incentive device. Relying on a database of Spanish manufacturer plants we found empirical support for the predictions of the model.

Keywords/JEL-Code: pay for performance, efficiency wages, autonomy, uncertainty within the job J33

Saturday 12 September, 16:30 - 18:30
F08 - Personnel Economics: Rewards

Competition and the Ratchet Effect - Experimental Evidence

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The 'ratchet effect' refers to a situation where a principal uses private information that is revealed by an agent's early actions to the agent's later disadvantage, in a context where binding multi-period contracts are not enforceable. In a simple, context-rich environment, we experimentally study the robustness of the ratchet effect to the introduction of ex post competition for principals or agents. While we do observe substantial and significant ratchet effects in the baseline (no competition) case of our model, we find that ratchet behavior is nearly eliminated by labor-market competition; interestingly this is true regardless of whether market conditions favor principals or agents.

Keywords/JEL-Code: Ratchet effect, competition, experiment, private information C91, D23, D82, J24, L14

Saturday 12 September, 16:30 - 18:30
F09 - Regional Labour Markets 2

Do Unemployed Workers Benefit from Enterprise Zones? The French Experience

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We propose an econometric evaluation of the 1997 French enterprise zone program. We focus whether the program facilitated the exit from unemployment for local residents and neighbors. We use unemployment spells from an exhaustive dataset over the 1993-2003 period. We estimate a Cox model stratified by municipality to recover some municipality fixed effects net of individual effects, before and after the implementation of the program. We then construct a difference-in-differences estimator of the impact of the program. We obtain that enterprise zones have no effect on the exit from unemployment. This finding is robust to a number of appropriate checks.

Keywords/JEL-Code: enterprise zones difference-in-differences duration model H25, J64, R23

Saturday 12 September, 16:30 - 18:30
F09 - Regional Labour Markets 2

Regional Labor Demand and National Labor Market Institutions in the EU15

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Disparities in labor market performance among industrialized countries are an issue of ongoing research. The objective of this paper is to analyse corresponding disparities among European regions and to provide some evidence on the factors behind these differences. Whereas previous research focused on effects of national labor market institutions in this context, we also take structural characteristics of regions into account. We investigate differences in labor demand responsiveness and their potential determinants for a cross section of European regions. The data set covers the NUTS 2 regions in the EU15 for the period 1980 to 2002. Following a spatial modeling approach interaction among neighboring labor markets is taken into account. Our findings point to substantial differences in labor demand responses to changes in output and wages among European countries and regions. Whereas evidence on the significance of region specific variables as explanatory factors is weak, labor market institutions, especially the unemployment benefit system and the coordination of wage bargaining, explain an important fraction of the disparities.

Keywords/JEL-Code: Labor demand Europe Spatial econometrics C23, J23, R23

Saturday 12 September, 16:30 - 18:30

F09 - Regional Labour Markets 2

Local Human Capital and Its Impact on Local Employment Chances in Britain

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This paper examines how high human capital in a locality affects the labour market outcomes of individuals. Probit regressions are used to examine how the employment probability of otherwise similar working age males is affected by the share of degree holders in the local area. Different econometric specifications are employed in order to shed light on the positive effect found and its possible causes. The paper discusses three main accounts, referring to the consumption demand, the productivity spillovers and production complementarities. For Britain, it is found that the share of high skill residents in a locality has a strong positive impact on the local employment chances of men with no qualifications. The effect on the local employment chances of the other groups is either insignificant or significant negative. These results are consistent with the consumer demand hypothesis that the presence of high educated, high income individuals in a locality boosts the demand for local low skill services. On the other hand, when the share of skilled workers is used, the results hint on possible simultaneous effect of production complementarities and productivity spillovers. However, the analysis points to the existing limitations of successfully isolating the consumption demand and the production function mechanisms and calls for further research.

Keywords/JEL-Code: local labour markets employment consumer demand R23; J21; J24

Saturday 12 September, 16:30 - 18:30

F09 - Regional Labour Markets 2

Entrepreneurship and market size. The case of young college graduates in Italy?

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We analyze empirically the effects of urban agglomeration on Italian college graduates' work possibilities as entrepreneurs three years after graduation. We find that each 100,000 inhabitant-increase in the size of the individual's province of work reduces the chances of being an entrepreneur by 0.3-1.0 percent. This result is robust to instrumenting urbanization with five different sets of instruments and to controlling for a variety of provincial characteristics. Finally, the result is consistent with the finding that every 100.000-inhabitant increase in the province population reduces entrepreneurs' net hourly income by 1.0 percent.

Keywords/JEL-Code: labor market transitions urbanization j21 j24 r12

Saturday 12 September, 16:30 - 18:30

F10 - Unions Effects in Firms

The Productivity Effect of Non-Union Representation

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Declining union density in many industrialized countries raised the interest of economists and politicians in alternative ways of labor relations and worker representation as, e.g., works councils. German works councils belong to the most powerful worker representations in developed countries but little is known of their effect on productivity. A large establishment panel is used to examine this issue. Applying a recently developed method for capital stock approximation, this is the first study on German works councils that effectively controls for the influence of capital stock on productivity. Comparing firms with and without a works council I find that firms with a works council are on average 7.4 percent more productive. I present evidence that this estimate is the lower bound to the causal productivity effect of works councils.

Keywords/JEL-Code: Works Council productivity D24, J53

Saturday 12 September, 16:30 - 18:30

F10 - Unions Effects in Firms

What Triggers the Establishment of a Works Council?

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This paper presents the first survey evidence about the agent and the event which triggers the establishment of a works council. We argue that the request of risk protection is a relevant trigger mechanism and show that an organisational shock causes the establishing of a works council. We argue that an organisational shock increases uncertainty of the workforce based on information asymmetries about the security of the workplaces. Furthermore, we show that the workforce alone calls for election in around two third of all cases and in the other third, the management was involved in the establishment. Here, the management values the expected productivity enhancement more than the potential rent redistribution.

Keywords/JEL-Code: co-determination, works councils, workers voice, establishment of a works council J53, J32, J83, M54

Saturday 12 September, 16:30 - 18:30

F10 - Unions Effects in Firms

Unions and Workplace Performance in Britain and France

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Using nationally representative workplace surveys we examine the relationship between unionization and workplace financial performance in Britain and France. We find that union bargaining is detrimental to workplace performance in Britain and that this effect is larger when unionization is endogenized. In France, union bargaining is associated with poorer workplace performance but the effect disappears once unionization is treated as endogenous. However, high levels of union density do have a negative impact on workplace performance in France. In Britain the union effect does not rise with union density.

Keywords/JEL-Code: union collective bargaining performance J51

Saturday 12 September, 16:30 - 18:30

F11 - Wage Inequality and Mobility

Minimum Wage in Deflationary Economy: Experience of Japan, 1994-2003

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Median nominal wage started to fall after 1999 in Japan because of severe recession, while the statutory minimum wage had steadily increased during the period. Using large sample micro data of two government surveys, we examine the effect of minimum wage on wage distribution and employment in an unusual event of deflation. The compression of lower tail female wage distribution is almost all explained by increase in the real value of minimum wage. Higher minimum wage decreases employment of young male and middle-aged female workers, but the mechanical effect of employment loss on wage compression is found to be minimal. This paper adds another evidence to the literature that minimum wage is an important determinant of lower tail wage distribution.

Keywords/JEL-Code: minimum wage wage distribution employment J31, J23, J38

Saturday 12 September, 16:30 - 18:30

F11 - Wage Inequality and Mobility

Mother's Quest for Job Protection: Building the Nest or Breaking the Glass Ceiling? Evidence Using Spanish Longitudinal Data

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Previous research has found that temporary contracts delay marriage and fertility in Spain. Using newly released administrative data we study the motivations behind the fertility delay that is associated with job protection. We find that during the five years after the birth of the first child mothers in protected jobs promote less and their wages grow less (16 per cent) compared to mothers that had a fixed-term contract at the time of childbirth. The poor after-birth outcomes of mothers in protected jobs contrasts with their better performance before birth, with wages growing more rapidly than those of other women and other mothers. We provide evidence that a permanent contract acts as insurance against the negative wage effects of motherhood, but at the price of less wage growth. We also find that mothers that had a permanent contract at childbirth reduce their working time more, forgo opportunities of promotion outside the firm and have a lower return to each additional year of experience compared to mothers with a temporary contract. Our interpretation of these results is that job protection helps mothers conciliate work and family responsibilities rather than to achieve professional success.

Keywords/JEL-Code: family gap, job protection, motherhood J31, J16, J13

Saturday 12 September, 16:30 - 18:30
F11 - Wage Inequality and Mobility

Downward Nominal and Real Wage Rigidity: Survey Evidence from European Firms
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It has been well established that the wages of individual workers react little to shocks that hit their employer. Resistance to nominal wage cuts and practices of linking wages more or less automatically to inflation contribute to wage rigidity. This paper presents new evidence from a unique survey of firms across Europe on the prevalence of wage rigidity in both real and nominal terms. Furthermore, we broaden the analysis beyond the issue of flexibility in base wages by examining the use of alternative margins of labour cost adjustment at the firm level. We find that, even in the face of strong rigidities in base wages, firms make frequent use of other, more flexible, components of compensation to adjust the cost of labour. Changes in bonuses, non-pay benefits and slowing down promotions are some of the potential margins firms use to reduce costs. We also show how the margins of adjustment chosen are affected by firm and worker characteristics.

Keywords/JEL-Code: nominal and real wage rigidity firm survey European Union J30, J31, J32, C81, P5

Saturday 12 September, 16:30 - 18:30
F11 - Wage Inequality and Mobility

Blood Money: Incentives for Violence in NHL Hockey

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The level of violence in the National Hockey League (NHL) reached its highest point in 1987 and has reduced somewhat since then, although to levels much larger than before the first team expansions in 1967. Using publicly available information from several databases 1996-2007, the incentives for violence in North American ice hockey are analyzed. We examine the role of penalty minutes and more specifically, fighting, during the regular season in determining wages for professional hockey players and team-level success indicators. There are substantial returns paid not only to goal scoring skills but also to fighting ability, helping teams move higher in the playoffs and showing up as positive wage premia for otherwise observed low-skill wing players. These estimated per-fight premia, depending on fight success (\$10,000 to \$18,000), are even higher than those for an additional point made. By introducing a 'fight fine' of twice the maximum potential gain (\$36,000) and adding this amount to salaries paid for the team salary cap (fines would be 6.7% of the team salary cap or the average wage of 2 players), then all involved would have either little or no incentives to allow fighting to continue.

Keywords/JEL-Code: Compensating wage differentials health risk, violence subjective indicators J31, J81, C23