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Abstract:

This thesis examines the importance of a number of different forces that may affect wage dispersion. The empirical results are based on various econometric methods applied to a large Portuguese matched employer-employee panel data set, covering the period 1991-1999. Particular attention is devoted to the econometric issues raised by the heterogeneity of workers and firms and by the possibly endogenous nature of the economic forces under scrutiny.

Chapter two tests whether firms share product market rents with their employees. After controlling for various possible sources of bias, including some institutional features of the labour market, we find evidence of significant levels of wage variability attributable to rent sharing and, specifically, employer-employee bargaining. The results are shown to be robust to a number of different interpretations.

The third chapter examines the causal nature of the commonly-observed wage premium paid by foreign firms. Using different econometric methods, we find that our evidence cannot be easily reconciled with a causal impact of foreign ownership. Other factors, such as unobservable differences between workers in domestic and foreign firms or difficulties in comparing those two types of firms may instead drive the standard results of a foreign premium.

Chapter four addresses the impact of foreign firms in labour markets from a different angle, that of whether the wages paid by domestic firms are affected by the presence of foreign firms in their industries. Our evidence suggests that foreign multinationals may drive upwards the wages of domestic firms.

The final chapter studies the social importance of education, a topic of great importance for academic researchers and policy makers alike. We first introduce the concept of on-the-job schooling, and then test our theory using firm level data and controlling for different biases. Consistently with the model, we find evidence that workers benefit financially from interacting with more educated colleagues.

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