



Programme



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

Workshop on Labour Economics 2017
Institute for Labour Law and Industrial Relations in the European Union | Trier University

Workshop on Labour Economics 2017

21st – 22nd April 2017

Venue:

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

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

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

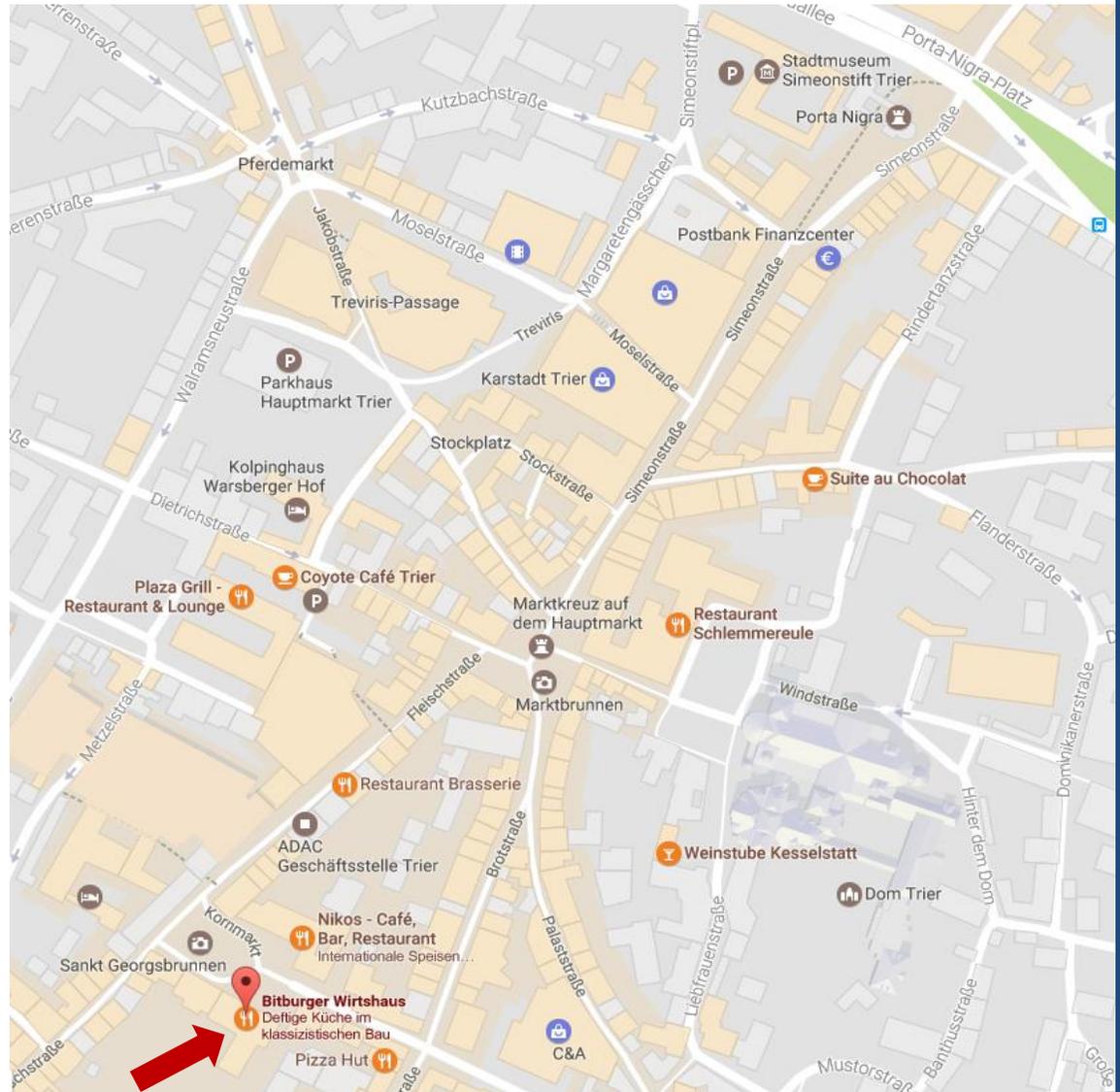
For detailed information have a look at the homepage: <http://www.iaaeu.de/en>

April 20th, 2017
20:00 Get Together

Venue:

Bitburger Wirtshaus
Kornmarkt 1 – 3
54290 Trier

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



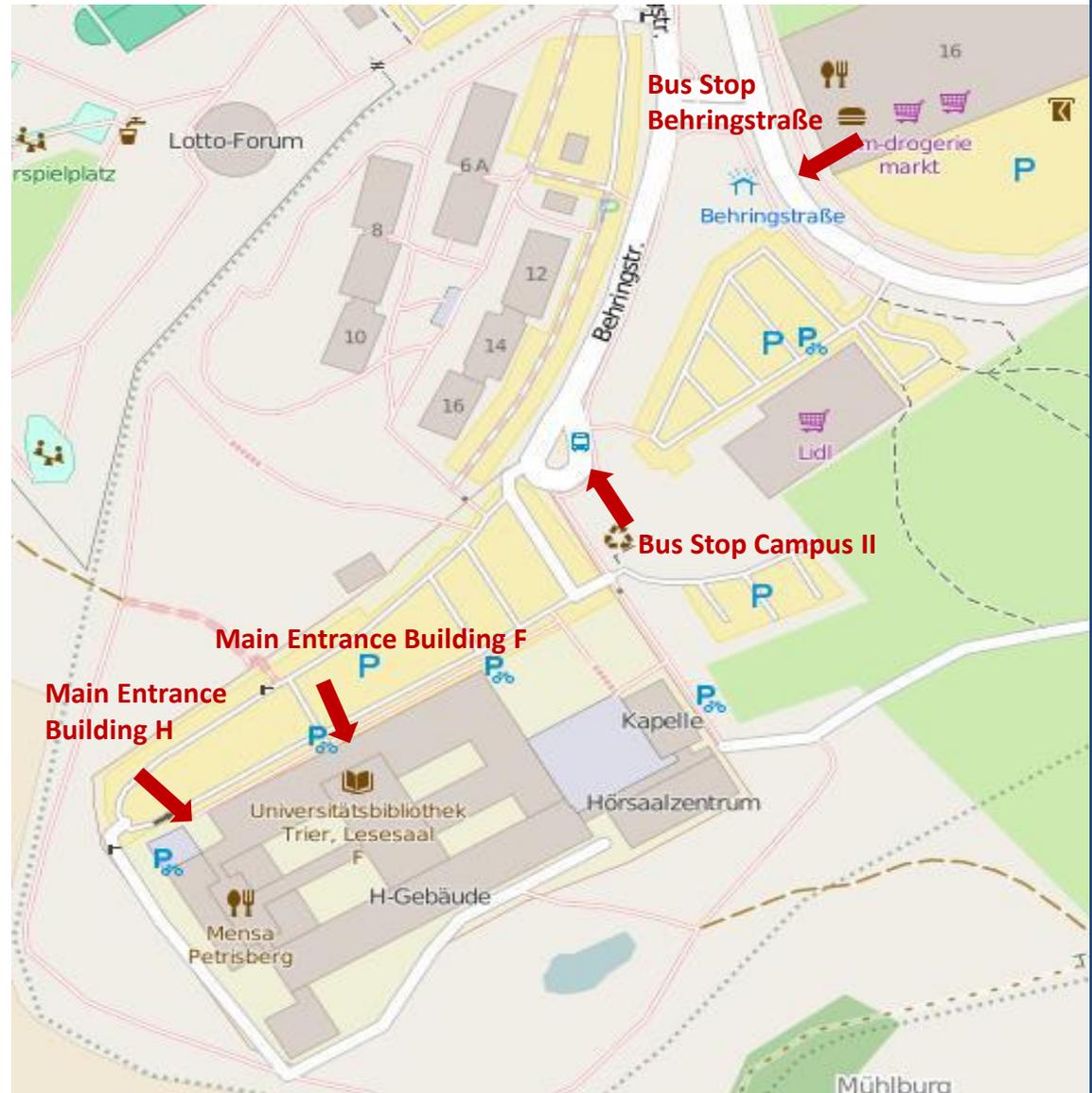
April 21st and 22nd, 2017 WLE 2017

Venue:

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

Meeting Rooms:

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



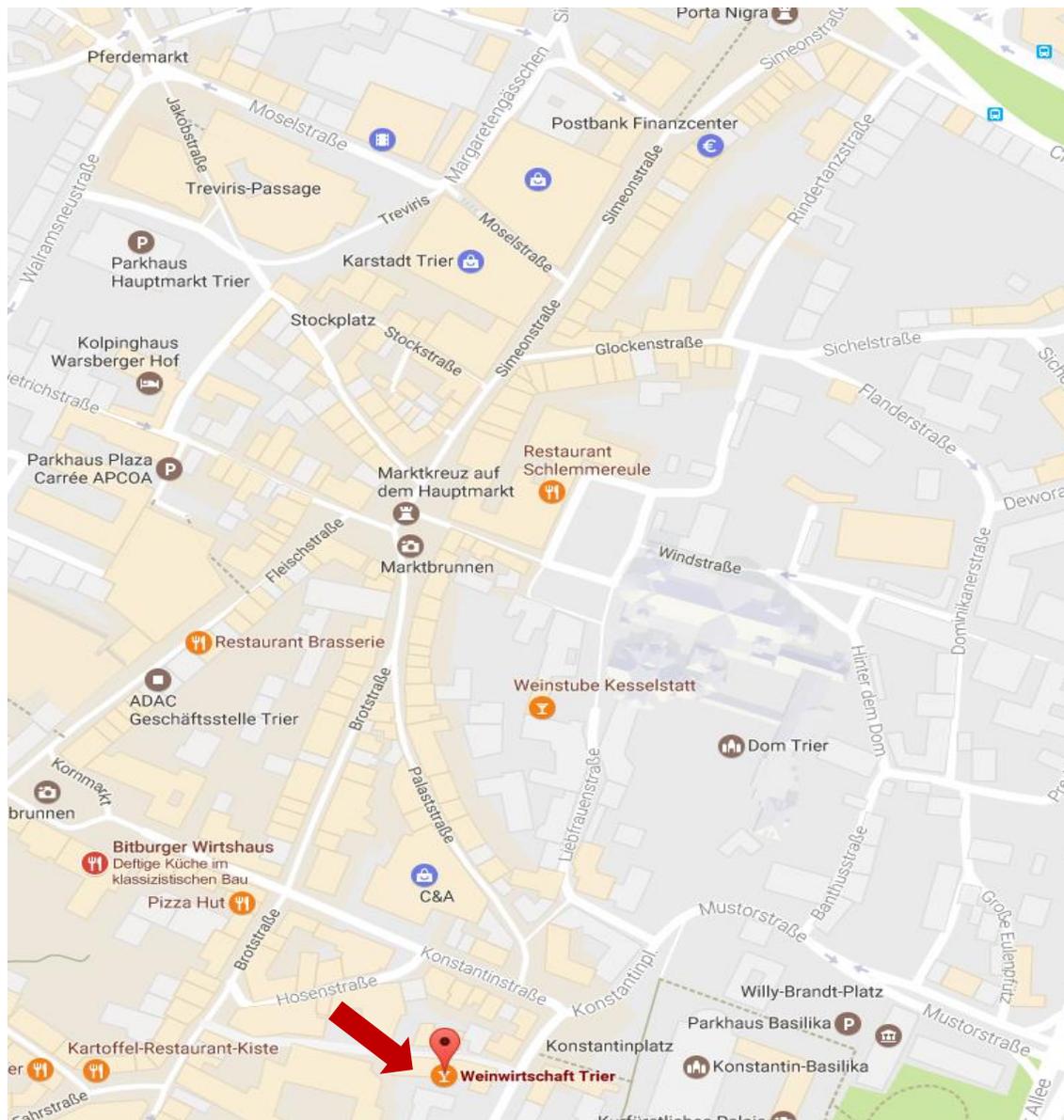
April 21st, 2017

20:00 Conference Dinner

Venue:

Weinwirtschaft Friedrich-Wilhelm
Weberbach 75
54290 Trier

Tel.: +49 (0) 651 99 47 48 00
www.weinwirtschaft-fw.de



Schedule – Workshop on Labour Economics 2017

Thursday, April 20th & Friday, April 21st

Thursday, April 20th 2017

20:00 Get together at *Bitburger Wirtshaus* (Kornmarkt 1 – 3, 54290 Trier)

Friday, April 21st 2017

08:00 – 08:30 Registration

08:30 – 08:45 Welcome and Opening

08:45 – 10:05 Parallel Session I

10:05 – 10:30 Coffee Break

10:30 – 12:30 Parallel Session II

12:30 – 13:30 Lunch (organised)

13:30 – 14:10 Session III (Poster-Session)

14:10 – 16:10 Parallel Session IV

16:10 – 16:40 Coffee Break

16:40 – 18:00 Parallel Session V

18:00 – 19:00 Cultural Event: Light Art exhibition »»generator 2016

20:00 Conference Dinner at *Weinwirtschaft Friedrich-Wilhelm* (Weberbach 75, 54290 Trier)

Schedule – Workshop on Labour Economics 2017

Saturday, April 22nd

Saturday, April 22nd 2017

09:15 – 10:35	Parallel Session VI
10:35 – 10:55	Coffee Break
10:55 – 12:15	Parallel Session VII
12:15 – 12:35	Coffee Break
12:35 – 13:55	Session VIII
13:55 – 14:00	Best Paper Award
14:00	Farewell Lunch

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

Programme – Friday, April 21st

08:00 – 08:30 Registration

08:30 – 08:45 Welcome and Opening

08:45 – 10:05 SESSION I

Session I (a), H714: Determinants of Education

Sonja Settele: “The effect of cigarette taxes during pregnancy on educational outcomes of the next generation”, (*Discussant: Campaniello*)

Hélène Le Forner: “Parents’ separation effect on children’s educational attainment. Evidence from France using a sibling approach”, (*Discussant: Grassi*)

Session I (b), H730: Job Polarization and Wage Dispersion

Vahagn Jerbashian: “Automation and job polarization: On the decline of middling occupations in Europe”

Lucas van der Velde: “Within occupation wage dispersion and the task content of jobs”

10:05 – 10:30 Coffee Break

Programme – Friday, April 21st

10:30 – 12:30 **SESSION II**

Session II (a), H714: Labour Market Policy

Tobias Brändle: “Give it another try: What are the effects of a public employment scheme especially designed for hard-to-place workers?”

Tamara Harrer: “Are programmes that allow job centres considerable freedom to choose the exact design effective?”, (*Discussant: Brändle*)

Fabio Berton: “Employment protection legislation and mismatch: Evidence from a reform”

Session II (b), H730: Immigrant Workers

Tanja Fendel: “Child care reforms and labor participation of migrant and native mothers”

Julian Winterheller: “Over-qualification of migrants in Western European countries. The role of different routes into employment”, (*Discussant: Fendel*)

Hanna Brenzel: “Labor market integration of migrants: Does marital status at the time of migration matter?”, (*Discussant: Mastrobuoni*)

12:30 – 13:30 **Lunch (organised)**

Programme – Friday, April 21st

13:30 – 14:10 SESSION III (POSTER-SESSION)

Melanie Borah: “There and back again – estimating equivalence scales with measurement error”

Adrian Chadi: “Weather, health and labor supply”

Kim Leonie Kellermann: “Political participation in a context of labor market segmentation”

Alessa Schottke: “Status concerns and interdependent labor markets”

Gabriel Schultze: “Young, gifted and lazy? The role of ability and labor market prospects in student effort decisions”

14:10 – 16:10 SESSION IV

Session IV (a), H714: Wages and Firm Heterogeneity

Anja Bauer: “History dependence in wages and cyclical selection: Evidence from Germany?”

Antoine Bertheau: “Employment and skill reallocation over the business cycle: Evidence from Danish data”, (*Discussant: Jerbashian*)

Carl Singleton: “Recent changes in British wage inequality: Evidence from firms and occupations”

Programme – Friday, April 21st

14:10 – 16:10 **SESSION IV**

Session IV (b), H730: Job Displacement

Lisa Rippe: “Losing work, moving away? Regional mobility after job loss”, (*Discussant: Rigó*)

Eva Hank: “Who buffers income losses after job displacement? The role of alternative income sources, the family, and the state”, (*Discussant: Berton*)

Jordy Meekes: “The role of the housing market in workers’ resilience to job displacement after firm bankruptcy”, (*Discussant: Martin*)

16:10 – 16:40 **Coffee Break**

16:40 – 18:00 **SESSION V**

Session V (a), H714: Demography and Health

Martha Ottenbacher: “Within secularized society and expansive mass education: Religion predicting fertility of young women in Germany”, (*Discussant: Arnold*)

Daniel Arnold: “Job security and sickness presenteeism”

Programme – Friday, April 21st

16:40 – 18:00 **SESSION V**

Session V (b), H730: Education and Labour Market Outcomes

Elena Shvartsman: “The labour market success of Swiss University graduates and the state of the economy at graduation”

Emanuele Grassi: “Temporary migration and wages of Ph.D.s. Stay longer or come back sooner?”

18:00 – 19:00 **Light Art exhibition »»generator 2016**

20:00 **Conference Dinner**

(Bus transfer to the conference dinner venue will be organised.)

Programme – Saturday, April 22nd

09:15 – 10:35 **SESSION VI**

Session VI (a), H714: Experimental Labour Economics

Ludivine Martin: “In-play communication and performance in a real effort experiment”

Mariann Rigó: “Gender differences in the effects of subjective feedback”

Session VI (b), H730: Labour Market Theory

Concetta Barbara Mendolicchio: “On the efficiency properties of the Roy’s model under asymmetric information”

Simon Koch: “Optimal incentives for agents with social preferences”

10:35 – 10:55 **Coffee Break**

Programme – Saturday, April 22nd

10:55 – 12:15 **SESSION VII**

Session VII (a), H714: Work Experience

Marjan Petreski: “Is informal job experience of youth undermining their labor market prospects in transition economies?”

Maria Esther Egg: “No employment without experience? The importance of tertiary graduates’ vocational education and training experience in the search of an entry job position”,
(*Discussant: Petreski*)

Session VII (b), H730: Consequences of Minimum Wages

Kim Leonie Kellermann: “Minimum wages and vocational training incentives in Germany”,
(*Discussant: Shvartsman*)

Ernest Dautovic: “The consumption response to minimum wages: Evidence from Chinese households”, (*Discussant: Bauer*)

12:15 – 12:35 **Coffee Break**

Programme – Saturday, April 22nd

12:35 – 13:55 **SESSION VIII, H714: Crime**

Nadia Campaniello: “Uncovering the gender participation gap in crime”

Giovanni Mastrobuoni: “Silence of the innocents: Illegal immigrants' underreporting of crime and their victimization”

13:55 – 14:00 **Best Paper Award**

14:00 **Farewell Lunch**

Instructions for Presenters, Discussants and Chairs:

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

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

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

Organisational Information

Internet Access:

via the *eduroam* network:

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

with guest account:

- Follow instructions from the organisers

Directions from downtown Trier to the workshop venue:

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

Recommended bus:

Departure at Porta Nigra on April 21st: 07:45 am (Arrival: 08:05 am)

Departure at main station on April 21st: 07:48 am (Arrival: 08:05 am)

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

Recommended bus:

Departure at main station on April 22nd: 08:45 am (Arrival: 09:00 am at station “Behringstraße”)

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

Abstracts

Session I (a): Determinants of Education

Sonja Settele, Reyn van Ewijk: “The effect of cigarette taxes during pregnancy on educational outcomes of the next generation”

Smoking during pregnancy is most common among low socioeconomic status women and is negatively associated with important infant health measures such as birth weight. Cigarette taxes decrease smoking amongst pregnant women, thereby leading to improved birth outcomes. In this paper we investigate whether raising cigarette taxes may reduce the intergenerational transmission of a low socioeconomic status by reducing smoking rates among pregnant women with low educational attainment. In a first step, we utilize variation in cigarette taxes across U.S. states over time to show that increasing cigarette taxes leads to larger improvements in newborns' health among lower educated than among higher educated women. In a second step, we look at subsequent educational success of 16-year-olds measured by grade retention and school enrollment in a large sample of adolescents. We find that raising cigarette taxes improves the outcomes of children born to lower educated women, but find no effects among children from higher educated women. Our findings therefore suggest that cigarette taxes can be an effective policy instrument for lowering the propagation of a low socioeconomic status from one generation to the next.

Hélène Le Forner: “Parents' separation effect on children's educational attainment. Evidence from France using a sibling approach”

In France, 3% of individuals born in 1940 get their parents separated, this share goes up to 15% for the generation born in 1978. I investigate the consequences of divorce on children's educational attainment using a French dataset "French Education- Training-Employment (INSEE)" which has never been exploited before. Few studies focused on France, especially on divorce effect on adulthood outcomes. Divorce may have a causal impact for the child, but divorced families are characterized by latent variables such as conflicts which introduce some endogeneity. Non divorced families are not a good counterfactual. To handle this selection issue, I use a sibling difference approach to cancel out the family fixed effect. I find negative effects of divorce on children's highest diploma. Part of this negative effect is due to selection, but even after controlling for selection, divorce effect is still negative and significant, especially for teenagers who do nearly one year less than their brothers who experience a divorce after the age of 19.

Abstracts

Session I (b): Job Polarization and Wage Dispersion

Vahagn Jerbashian: “Automation and job polarization: On the decline of middling occupations in Europe”

Using data from 10 Western European countries, I provide evidence that the fall in prices of information technologies (IT) is associated with a lower share of employment in middle wage occupations and a higher share of employment in high wage occupations. The decline in IT prices has no robust effect on the share of employment in the lowest paid occupations. Similar results hold within gender, age and education-level groups, with notable differences in these groups. For instance, the share of employment in high wage occupations among females has increased more than among males with the fall in IT prices. This is consistent with arguments that women hold a comparative advantage in communication and social skills, which are complementary to IT and in demand in high wage occupations.

Lucas van der Velde: “Within occupation wage dispersion and the task content of jobs”

The relation between income inequality and technological progress has many chapters, of which the most recent corresponds to the task content of jobs. Proponents of this theory suggest that falling prices of computational power coupled with the increasing power of computers leads to an increasing substitution of workers with computers and a hollowing of the middle of the income distribution. While empirical analysis on task content of jobs explain inequality between occupations, we test whether the framework can also foster our understanding of wage dispersion within occupations. Using European data, we obtain estimates of wage dispersion and residual wage dispersion for each occupation and relate it to the task content. The results suggest that non-routine intensive occupations presented greater wage dispersion, even after controlling for a variety of factors.

Abstracts

Session II (a): Labour Market Policy

Tobias Brändle, Lukas Fervers: “Give it another try: What are the effects of a public employment scheme especially designed for hard-to-place workers?”

Job creation schemes (JCSs) have for a long time been considered to function as stepping stone into the labour market for unemployed workers. However, previous research has shown that public job creation schemes have mostly negative effects on the employment outcomes of participants, probably due to strong lock-in effects, which are particularly strong for unemployed workers with higher labour market attachment. This raises the question of whether JCSs could be an effective policy tool for very-hard-to-place workers who have very low job chances anyway. We contribute to this discussion by analysing a JCS that employs a special selection mechanism to identify these workers. Relying on a combination of administrative data and survey data, we employ radius-matching with regression adjustment to estimate treatment effects. Our results indicate that the effects are still negative but weaker than the ones reported in previous studies. Furthermore, we point to effect heterogeneity with regard to contract duration which suggests that the results are more optimistic for shorter contracts. Finally, we show that the results are sensitive to the inclusion of survey variables, even if high quality administrative data are available.

Tamara Harrer, Andreas Moczall, Joachim Wolff: “Are programmes that allow job centres considerable freedom to choose the exact design effective?”

In 2009, Germany reformed its active labour market policy (ALMP) portfolio. The reform aimed for more innovative and better approaches by giving the local job centres greater latitude in the design and assignment of participants to ALMPs. We evaluate one of these new ALMPs: the “schemes for activation and integration” (SAI). Using rich administrative data and propensity score matching, we consider unemployed welfare benefit recipients and their changes in employment and benefit receipt probabilities as a result of SAI participation in 2010. Our results indicate that SAI substantially improve the employability of their participants in the three to four years after participation. However, the improvements are no greater than those previously found for comparable pre-reform programme types. We see this as a hint that the more flexible implementation of ALMPs did not lead to a substantial improvement of ALMP participation effects.

Abstracts

Session II (a): Labour Market Policy

Fabio Berton, Francesco Devicienti, Sara Grubanov-Boskovic: “Employment protection legislation and mismatch: Evidence from a reform”

The aim of this paper is to assess the impact that the so-called Fornero Law had on the quality of the educational match contributing, thus, to a general debate on the effects of deregulation on the labor market and on skill mismatch in particular. The specific scope of the Fornero Law – limited only to companies of a certain dimension – allowed us to apply a DiD model using the Italian LFS pooled cross-section data over 14 yearly quarters. Our results show that, as an effect of the reform, the odds of educational match in companies with more than 15 employees has increased. This is consistent with economic theory that informed labor market deregulation during the last decades. However, these effects are not visible during the first year after the law’s enactment, but only during its second year, a likely consequence of workers’ turnover time. Robustness tests support our findings.

Session II (b): Immigrant Workers

Tanja Fendel, Beate Jochimsen: “Child care reforms and labor participation of migrant and native mothers”

As in other countries, also in Germany there has been large political effort to increase mothers’ labor participation through child care provisions. However, it is an open question whether the latest child care reforms of 2013 are successful in this sense. While the introduction of a home-care-allowance for families not using public child care for their children aged one and two years was expected to have negative effects, the introduced legal claim for public child care for children of the same age group should increase the use of public child care and therefore speed up the mothers’ return to work after child birth. For the analysis we use the German socio-economic panel and apply various difference-in-difference models. Against expectations, results indicate that the reform had no negative effects on labor market participation of migrant mothers. Effects for the whole sample and for native mothers turn out to be significant positive.

Abstracts

Session II (b): Immigrant Workers

Julian Winterheller: “Over-qualification of migrants in Western European countries. The role of different routes into employment”

This paper adds to the literature on over-qualification and investigates the relationship between different routes into employment and over-qualification of migrants in Western European countries. Based on the premise that different routes into employment are associated with different amounts of trustworthy information that is exchanged between a potential employer and migrant job candidates, the paper empirically analyses the probability of over-qualification of migrants by distinguishing between these different routes into employment. Results of binary logistic regression analysis based on the ad-hoc module 2014 of the EU-LFS data show that the probability of over-qualification is highest in jobs that were obtained via public employment offices and lowest in jobs that were obtained through education or training institutions. Other routes into employment such as responding to job advertisements or using the help of friends and relatives do not differ significantly from each other but lead to significantly better outcomes in comparison to public employment offices as well as to worse outcomes in comparison to jobs obtained via education or training institutions.

Hanna Brenzel: “Labor market integration of migrants: Does marital status at the time of migration matter?”

Theoretically, the labor market integration of female migrants and especially female migrants within relationship is not clear cut. Two main theories exist predicting quite opposing labor market behavior: Family-Investment and Tied-Mover Theory. Thus, the main contribution is to examine differences between family and single migrants in terms of their labor market integration process. According to preliminary results, based on the IAB-SOEP-MIG-ADIAB dataset, one can conclude that migrating as a family migrant worsen the labor market performance for female migrants. However, the results of the piece-wise constant exponential model with time-dependent effects support the assumption that the negative effect is only transitory.

Abstracts

Session III (Poster-Session)

Melanie Borah, Andreas Knabe: “There and back again – estimating equivalence scales with measurement error”

Using income satisfaction data from the German Socio-Economic Panel, we find large differences in the equivalence weight of a partner when it is being estimated by direct and reverse regression. We argue that neither of the two models will produce consistent estimates when there is stochastic error in satisfaction and measurement error in incomes. Hence, we propose the correction of mismeasured incomes by constructing replicate observations. Previous studies’ results based on direct regression models are confirmed not to be severely biased by measurement error in incomes.

Adrian Chadi: “Weather, health and labor supply”

Ill-health is commonly believed to be detrimental for labor market outcomes. To provide causal evidence, however, most researchers rely on the analysis of severe shocks like hospital admissions in their empirical analyses. Instead, minor variations in health are more common and are a better target of prevention measures. To investigate the potential implications of ill-health for labor market behavior, this study makes use of data from the German Socio-Economic Panel merged with data on weather conditions prior to the survey interviews. Variations in weather conditions are capable of affecting peoples’ health. While bad weather leads to minor reductions in health, the effect on working hours is slightly positive. Potential explanations, such as changes in time allocation between work and leisure, are addressed via comprehensive survey data.

Abstracts

Session III (Poster-Session)

Kim Leonie Kellermann: “Political participation in a context of labor market segmentation”

This paper examines the link of political participation and labor market status assuming a dualized labor market as suggested in the insider-outsider theory by Lindbeck and Snower (1988). Both insiders and outsiders physically support political parties – e. g. by casting a ballot – depending on the party’s policy strategy. Insiders also provide donations which are positively related to their wage advantage over outsiders. Policy outcomes are determined in a two-step process. First, individuals choose their optimal quantity of support. Second, parties determine their optimal policy strategy anticipating the individual decision. In order to maximize financial contributions, parties adopt a political position close to the insiders’ preferences. Thus, insiders are encouraged to actively participate in politics while outsiders are discouraged. Consequently, labor market dualization translates into a dualization of political representation and involvement. However, the guidance by insiders is weaker, the more strongly a party is originally tied to outsiders. Furthermore, non-conflicting political interests and inter-group identification reduce the biased representation of the privileged.

Alessa Schottke, Christian Siemerling: “Status concerns and interdependent labor markets”

We investigate the influence of status concerns on labor supply, wages and production. We find that social status associated with higher education induces more workers to attend the higher educational pathway. In turn, labor supply of highly educated workers increases, which decreases the respective wage in equilibrium. Moreover, the wage for less educated workers increases in status concerns. There is a unique level of status concerns maximizing the economy's production. Whether status concerns decrease or increase production depends on whether this level is exceeded or not.

Abstracts

Session III (Poster-Session)

Adrian Chadi, Marco de Pinto, Gabriel Schultze: “Young, gifted and lazy? The role of ability and labor market prospects in student effort decisions”

This study applies an economic perspective on the decision-making of students to understand what determines an individual's willingness to provide effort. Theoretical modelling predicts ability and job market prospects to be positive determinants. Analyzing a novel dataset on thousands of German students, however, we find no positive but a significantly negative effect of ability on effort. It seems that the marginal gain of increasing effort in terms of higher expected income after studying is lower for high-ability students compared to low-ability students. In regard of the second determinant, the evidence rejects a similar argument, according to which great job market prospects may impair student effort. Applying an instrumental variable approach based on official unemployment data on regional labor markets, we can confirm our prediction on the positive role of perceived employment prospects in actual student behavior.

Abstracts

Session IV (a): Wages and Firm Heterogeneity

Anja Bauer, Benjamin Lochner: “History dependence in wages and cyclical selection: Evidence from Germany”

Using administrative data from Germany, this paper analyzes the relation between wages and past and current labor market conditions. Specially, it explores whether the data is more consistent with implicit contract models (Beaudry and DiNardo, 1991) or a matching model with on-the-job search and cyclical selection (Hagedorn and Manovskii, 2013). The data suggests that wages are related to past labor market conditions as contract theories postulate. However, past labor market conditions also affect contemporaneous wages through the evolution of the match qualities over a worker's job history – the main hypothesis of the selection model. Refining the selection model by taking into account within company job regrading, we find that wages of workers who switched employers and occupations at the same time respond stronger to the cycle than wages of job stayers. In contrast, wages of workers who only switch employers or occupations are not more cyclical than wages of workers who stay at their previous employer and in their previous occupation.

Antoine Bertheau, Henning Bunzel, Mads Hejlesen, Rune Vejlin: “Employment and skill reallocation over the business cycle: Evidence from Danish data”

This paper presents evidence about worker reallocation across firms over the business cycle. We use detailed employment spells for the full population in Denmark from 1985 to 2012. First, we compare firms at the top or at the bottom of the size, wage, and productivity distributions in terms of churn from two measures of mobility: job to job transitions and job to non-employment to job transitions. Several regularities stand out. First, high-wage, high-productivity and (young) small firms grow via job-to-job mobility at all times. Secondly, high-wage, low-productivity and (young) small firms sharply contract during the Great Recession mainly due to a decline in hiring. We proceed by documenting how the skill structure of firms evolve from hires and separations of workers. We find that large, high-wage, and high productive firms increase the average skill level from non-employment hires. In particular they updated their skill structure during the Great Recession. This was caused by a decline in the skill attributes of separating workers.

Abstracts

Session IV (a): Wages and Firm Heterogeneity

Daniel Schäfer, Carl Singleton: “Recent changes in British wage inequality: Evidence from firms and occupations”

Using a dataset covering a large sample of employees and their mostly very large employers, we study the dynamics of British wage inequality over the past two decades. Contrary to other studies, we find little evidence that recent increases in inequality have been driven by differences in the average wages paid by firms. Instead greater dispersion within firms can account for the majority of changes to the wage distribution. After controlling for the changing occupational content of employee wages, the role of average firm residual differences is approximately zero; the modestly increasing trend in between-firm wage inequality is explained by a combination of changes in between-occupation inequality and the occupational specialisation of firms. It is possible that previous studies, which assign some of the importance of changes in the between-firm component to industry, have misrepresented a significant role for occupations. These results are robust across measures of hourly, weekly and annual wages.

Session IV (b): Job Displacement

Daniel Fackler, Lisa Rippe: “Losing work, moving away? Regional mobility after job loss”

Using German survey data, we investigate the relationship between involuntary job loss and regional mobility. Our results show that job loss has a strong positive effect on the propensity to relocate. We also analyze whether the high and persistent earnings losses of displaced workers can in part be explained by limited regional mobility. Applying an event study approach, which controls for worker fixed effects, our findings do not support this conjecture as we find substantial long lasting earnings losses for both movers and stayers. In the short run, movers even face slightly higher losses, but the differences between the two groups of displaced workers are never statistically significant. This challenges whether migration is a beneficial strategy in case of involuntary job loss.

Abstracts

Session IV (b): Job Displacement

Daniel Fackler, Eva Hank: “Who buffers income losses after job displacement? The role of alternative income sources, the family, and the state”

Using German survey data this paper analyses to what extent alternative income sources, reactions within the household context, and redistribution by the state attenuate earnings losses after job displacement. Applying propensity score matching and fixed effects estimations, we find that income from self-employment reduces the earnings gap only slightly and severance payments buffer losses in the short run. At the household level, we do not find that increased labor supply by other household members contributes to the compensation of the income losses whereas redistribution by the state within the tax and transfer system mitigates income losses substantially.

Jordy Meekes, Wolter H.J. Hassink: “The role of the housing market in workers’ resilience to job displacement after firm bankruptcy”

We examine the importance of the housing market for workers who have become displaced. Dutch administrative data were used and analysed with a quasi-experimental empirical design involving job displacement. The estimates show that displaced workers experience an increase in the commuting distance and decrease in moving home, employment and wage. These patterns change across time – the evidence suggests that workers who have longer unemployment duration prefer smaller increases in commute to lower losses in wage. Finally, we examine the role of workers’ housing tenure in the costs of displacement. Consistent with financial incentive structures, more leveraged displaced owners prefer sooner re-employment to lower losses in wage; endogenous job search alone cannot fully explain the role of workers’ housing tenure in employment outcomes.

Abstracts

Session V (a): Demography and Health

Martha Ottenbacher: “Within secularized society and expansive mass education: Religion predicting fertility of young women in Germany”

The influence of religion wanes in secularized societies. Education instead is becoming a decisive role. In Germany, young people are to a large share enrolled in a system of expansive mass education. Education hence has substantial impact on various life domains and may influence adolescents’ behavior. Within this frame, the present analysis investigates the role that religion plays in predicting fertility of young women aged 16 to 24 in Germany. Using longitudinal, prospective data from the German Family Panel (Pairfam) and by means of event history analysis, the transition to first birth is estimated. Results show that religion significantly delays the transition into motherhood. This holds true for both main denominations in Germany – Catholics and Protestants. Substantial indirect effects of religion on fertility via marriage are revealed: the mere fact of being married does not influence the timing of first childbearing; it is rather religious norms that induce adolescents to get married once they have become pregnant. In addition to an adolescent’s own religion the religious influence of its parents is important. Especially Catholic parents seem quite successful in delaying the first birth of their daughters.

Daniel Arnold: “Job security and sickness presenteeism”

Job security increases the duration of sickness absence which has often been interpreted as shirking. But new evidence shows that some employees go to work when they are sick (sickness presenteeism). Hence, an increase of absence due to employment protection does not necessarily mean that the employees shirk. Instead, sick employees might come to work if the job is insecure, while they stay at home in a secure job. We investigate empirically how job security affects sickness presenteeism behavior. Using European data we find that employees in unsecure jobs come more often to work while sick (extensive and intensive margin). Additionally, we will apply an instrumental variable approach that takes advantage of regional differences in job security.

Abstracts

Session V (b): Education and Labour Market Outcomes

Elena Shvartsman: “The labour market success of Swiss University graduates and the state of the economy at graduation”

This paper analyses whether the short- and mid-term labour market outcomes of graduates from Swiss universities are affected by the state of the domestic economy at the time of labour market entry. This analysis contributes to the question as to whether an individual's labour market outcome is determined inter alia by luck. The study provides empirical evidence demonstrating that unfavourable economic conditions at the time of labour market entry have a strong negative impact on the individuals' wages, but not on their labour market status. These results remain largely robust, when the main explanatory variable, the regional unemployment rate in the actual year of an individual's graduation, is instrumented with the regional unemployment rate in the expected year of the individual's graduation. Furthermore, various supplementary regressions provide possible explanations for the underlying channels of the observed effects. For instance, there is a strong statistical association between the regional unemployment rate at the time of an individual's graduation and the duration of his job search and also the quality of his job-qualifications match.

Marco Di Cintio, Emanuele Grassi: “Temporary migration and wages of Ph.D.s. Stay longer or come back sooner?”

This paper examines the wage implications of temporary migration for two cohorts of Italian Ph.D.s. Special attention is given to the duration of the international experience, its contribution to earned wages and the selectivity of returnees. Returnees are found to be a self-selected group whose unobservable characteristics are simultaneously associated with both higher wages and a higher propensity to migrate. Moreover, we find positive returns for those who stay longer and negative returns for those who come back sooner. The results are confirmed in several robustness and sensitivity checks.

Abstracts

Session VI (a): Experimental Labour Economics

Ludivine Martin, Julie Rosaz, Angela Sutan: “In-play communication and performance in a real effort experiment”

Efficient communication is crucial in organizations. Communication, and especially its simplest form, i.e., the email, is taking more and more space in employees' work life and becomes an essential tool in the workplace. Communication has been shown to improve cooperation, coordination and decrease free-riding that beyond may increase efficiency. Nevertheless, communication may have perverse effects such as communication overload, task interruption and stress for employees. The main achieved results about the effect of communication on performance in the laboratory are implemented via pre-play communication and chosen number experiment. Our research question is: what is the impact of in-play communication on performance? Using a real effort task and in-play communication, our main results reveal a strong and persistent negative impact of communication on individual performance. Knowing the content of the messages exchanged, we deepen our analysis of communication. The main result is that the number of received messages significantly decreases productivity, underlying that the negative impact of communication on performance is mainly due to a waste of time. Nevertheless, communication has a positive and significant impact on productivity when messages include answers.

Ewa Cukrowska-Torzewska, Andrea Kiss, Anna Lovász, Mariann Rigó, Ágnes Szabó-Morvai: “Gender differences in the effects of subjective feedback”

We study gender differences in the effect of positive subjective feedback - encouragement and praise - on effort and performance. We use a computer game, during which players are randomly chosen to be given either no feedback (control) or positive subjective feedback (treatment), and compare the treatment effect on effort (clicks) and performance (score). Based on a framework encompassing relevant economic and psychology theories, we derive testable implications regarding the pathways through which subjective feedback can have an effect: through the updating of expected performance, direct (dis)utility from the environment, or marginal productivity. Our results point to significant differences in the response to subjective feedback by gender, and by confidence level. For women, we find a positive effect for encouragement among the under-confident, and a negative effect for praise among the highly confident. Men are less responsive to subjective feedback in general, though highly confident males have a negative reaction to encouragement, while medium-confident males respond positively to praise. These results suggest that better targeted supervisory communication can increase the performance of low-confidence individuals, improve efficiency, and may decrease mean gender differences.

Abstracts

Session VI (b): Labour Market Theory

Concetta Barbara Mendolicchio, Tito Pietra: “On the efficiency properties of the Roy’s model under asymmetric information”

We consider Roy’s economies with perfectly competitive labor markets and asymmetric information. Firms choose their investments in physical capital before observing the characteristics of the labor markets they will face. We provide conditions under which equilibrium allocations are constrained Pareto efficient, i.e., such that it is impossible to improve upon the equilibrium allocation by changing agents’ investments and letting the other endogenous variables adjust to restore market clearing. We also provide a robust example of a class of economies where these conditions fail and where equilibria are characterized by overinvestments in high skills.

Simon Koch, Miruna Sarbu, Philipp Weinschenk: “Optimal incentives for agents with social preferences”

We consider a simple agency model where the agent puts a positive weight on the utilities of other parties. We show that despite the agent's social preferences, monetary incentives do not crowd out the agent's intrinsic motivation. The social preferences may nonetheless cause that the principal optimally provides no monetary incentives at all. We also show that the principal benefits from agent's social preferences and how the principal optimally manipulates the agent's preferences. We expand our model by letting the principal have social preferences as well and analyze the consequences for the relationship between principal and agent in our model.

Abstracts

Session VII (a): Work Experience

Marjan Petreski: “Is informal job experience of youth undermining their labor market prospects in transition economies?”

The objective of the paper is to investigate if early informal employment experience of youth affects later labor-market outcomes in transition economies. We consider the effects on employment, decent job and wages. The conflicting theories suggest that early informal job experience may extend informality later and negatively impact decent employment and wages, while on the other, informal jobs may provide training, networks and working attitudes to young workers hence improving their formal employment and wage potentials. We rely on the newly-produced School to Work Transition Surveys for seven transition economies of Southeast Europe and the Commonwealth of Independent States. Our results robustly suggest that early informality of youth is negative for the later labor-market outcomes. However, for the wage, the negative effect turns positive when the informal job experiences extend beyond six years. The negative effect of informal job on later outcomes is prevalently stronger for females, while any differences between the two regions of transition economies are neither systematic nor robust.

Maria Esther Egg, Ursula Renold: “No employment without experience? The importance of tertiary graduates’ vocational education and training experience in the search of an entry job position”

Graduates from tertiary education perceive a lack of work experience as a major obstacle in the search for an entry job position. This paper identifies and analyses the advantages of having work experience from vocational education and training as this type of work experience does not come at a cost of prolonged study time. To address endogeneity in the selection into vocational education and training we use two independent instrumental variables. The first exploits the information on parental education, whereas the second exploits the cantonal variation of VET degrees. The results suggest that work experience from VET with control variables affects income, internship, and vertical skills mismatch significantly. However, work experience from instrumented VET affects search length, income, and internship significantly, though there might be a problem with overidentification in the case of intern-ship.

Abstracts

Session VII (b): Consequences of Minimum Wages

Kim Leonie Kellermann: “Minimum wages and vocational training incentives in Germany”

This paper examines the impact of sector-specific minimum wages in Germany on the willingness of youths to undergo vocational training. The theoretical intuition on the impact of wage floors on educational incentives is ambiguous. On the one hand, they raise the opportunity cost of education and prevent further skill accumulation, but on the other, they lower the employment probability of unskilled workers, which in turn promotes additional training. We base our analysis on GSOEP-data for a sample of youths aged 17 to 24 from 1994 to 2014. Using a mixed logit model, we estimate the probability of opting for an apprenticeship program. Unlike evidence found for other countries, we find that increasing sectoral wage floors have a positive effect on training probabilities of youths. Due to binding minimum wages, the demand for unskilled workers declines, which lowers the opportunity cost of education. High requirements regarding professional skills tend to reinforce this effect.

Ernest Dautovic, Harald Hau, Yi Huang: “The consumption response to minimum wages: Evidence from Chinese households”

This paper evaluates the Chinese minimum wage policy for the period 2002-2009 in terms of its impact on low income household consumption. Using a representative household panel, we find support for the permanent income hypothesis, whereby unanticipated and persistent income increases due to minimum wage policy change are fully spent. The impact is driven by households with at least one child. We infer significant positive welfare effects for low income households based on expenditure increases concentrated in health care and education, whereas a negative employment effect of higher minimum wage cannot be confirmed.

Abstracts

Session VIII: Crime

Nadia Campaniello, Evelina Gavrilova: “Uncovering the gender participation gap in crime”

Research on the gender variation in the crime market, a peculiar labor market for illegal activities, is limited, although the issue is relevant *per se* and for its policy implications. We document a gender gap in criminal activities, based on property and white collar crimes, using data from the U.S. National Incident Based Reporting System. We show that there is a gender participation gap where around 30 percent of the crimes are committed by females. In order to explain, at least in part, the gender participation gap we investigate whether there are differences in incentives to be involved in criminal activities and in responsiveness to these incentives across gender. In particular we focus on criminal earnings and probability of arrest. We show that on average females earn 18 percent less than males while they face the same likelihood of arrest. We find that females are more responsive to changes in the expected probability of arrest, while males respond more to changes in the expected illegal earnings. The fact that females behave differently than males has implications for the heterogeneity in response to crime control policies. In addition, using a Blinder-Oaxaca type decomposition technique, we find that differences in incentives explain about 12 percent of the gender crime gap, while differences in responsiveness explain about 55 percent of the gap.

Stefano Comino, Giovanni Mastrobuoni, Antonio Nicolò: “Silence of the innocents: Illegal immigrants' underreporting of crime and their victimization”

We analyze the consequences of illegally residing in a country on the likelihood of reporting a crime to the police and, as a consequence, on the likelihood to become victims of a crime. We use an immigration amnesty to address two issues when dealing with the legal status of immigrants: it is both endogenous as well as mostly unobserved in surveys. Right after the 1986 US Immigration Reform and Control Act, which disproportionately legalized individuals of Hispanic origin, crime victims of Hispanic origin in cities with a large proportion of illegal Hispanics become considerably more likely to report a crime. Non-Hispanics show no changes. Difference-in-differences estimates that adjust for the misclassification of legal status imply that the reporting rate of undocumented immigrants is close to 11 percent. Gaining legal status the reporting rate triples, approaching the reporting rate of non-Hispanics. We also find some evidence that following the amnesty Hispanics living in metropolitan areas with a large share of illegal migrants experience a reduction in victimization. This is coherent with a simple behavioral model of crime that guides our empirical strategies, where amnesties increase the reporting rate of legalized immigrants, which, in turn, modify the victimization of natives and migrants.

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