



# Programme



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

**Workshop on Labour Economics 2023**  
Institute for Labour Law and Industrial Relations in the European Union | Trier University



# Workshop on Labour Economics 2023

30<sup>th</sup> – 31<sup>st</sup> March 2023

## Venue:

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

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

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

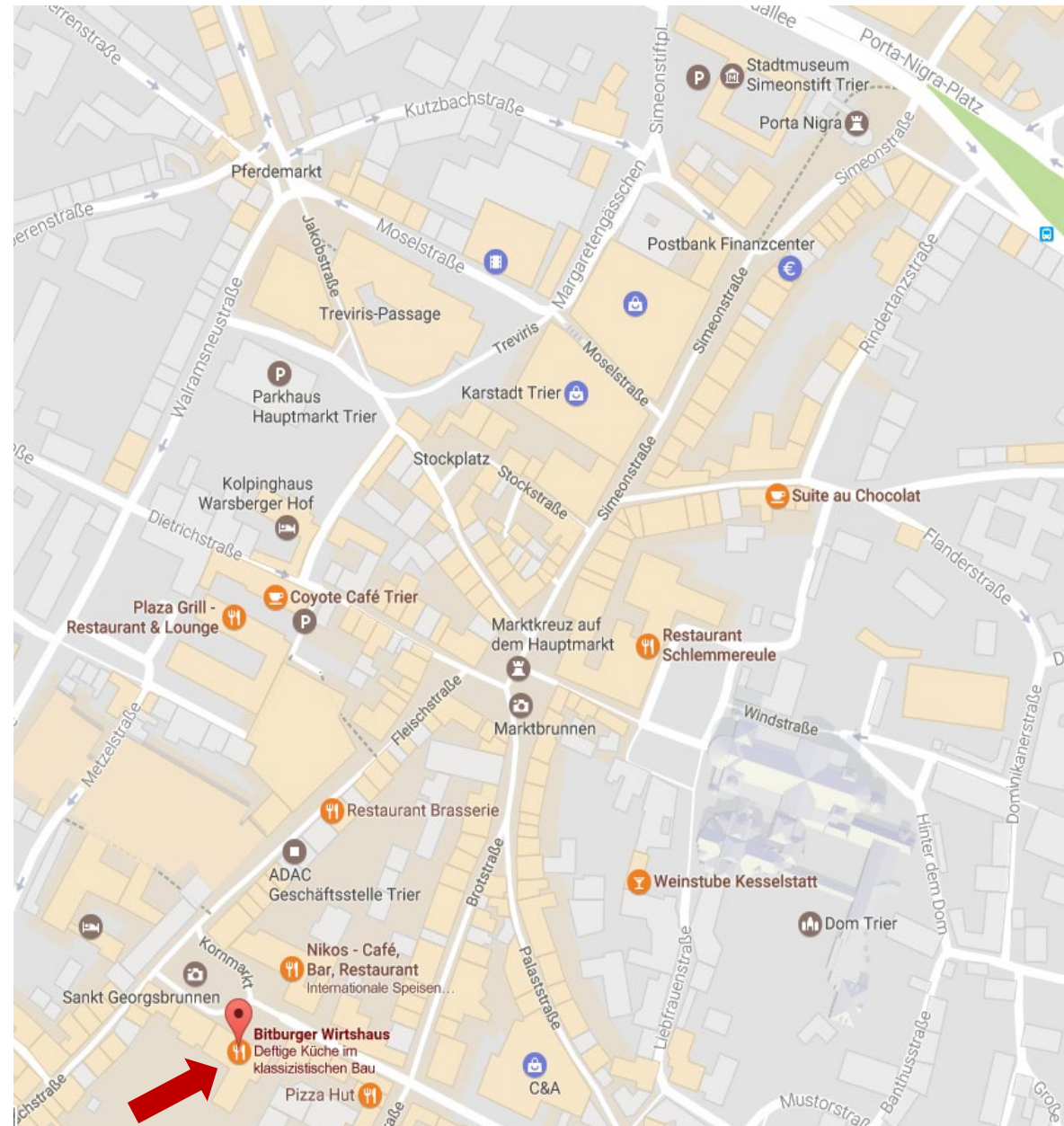
For detailed information have a look at our website: <http://www.iaaeu.de/en>

# March 29<sup>th</sup> 2023 from 19:30: Get Together

## Venue:

Bitburger Wirtshaus  
Kornmarkt 1 – 3  
54290 Trier

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



# March 30<sup>th</sup> - 31<sup>st</sup>, 2023

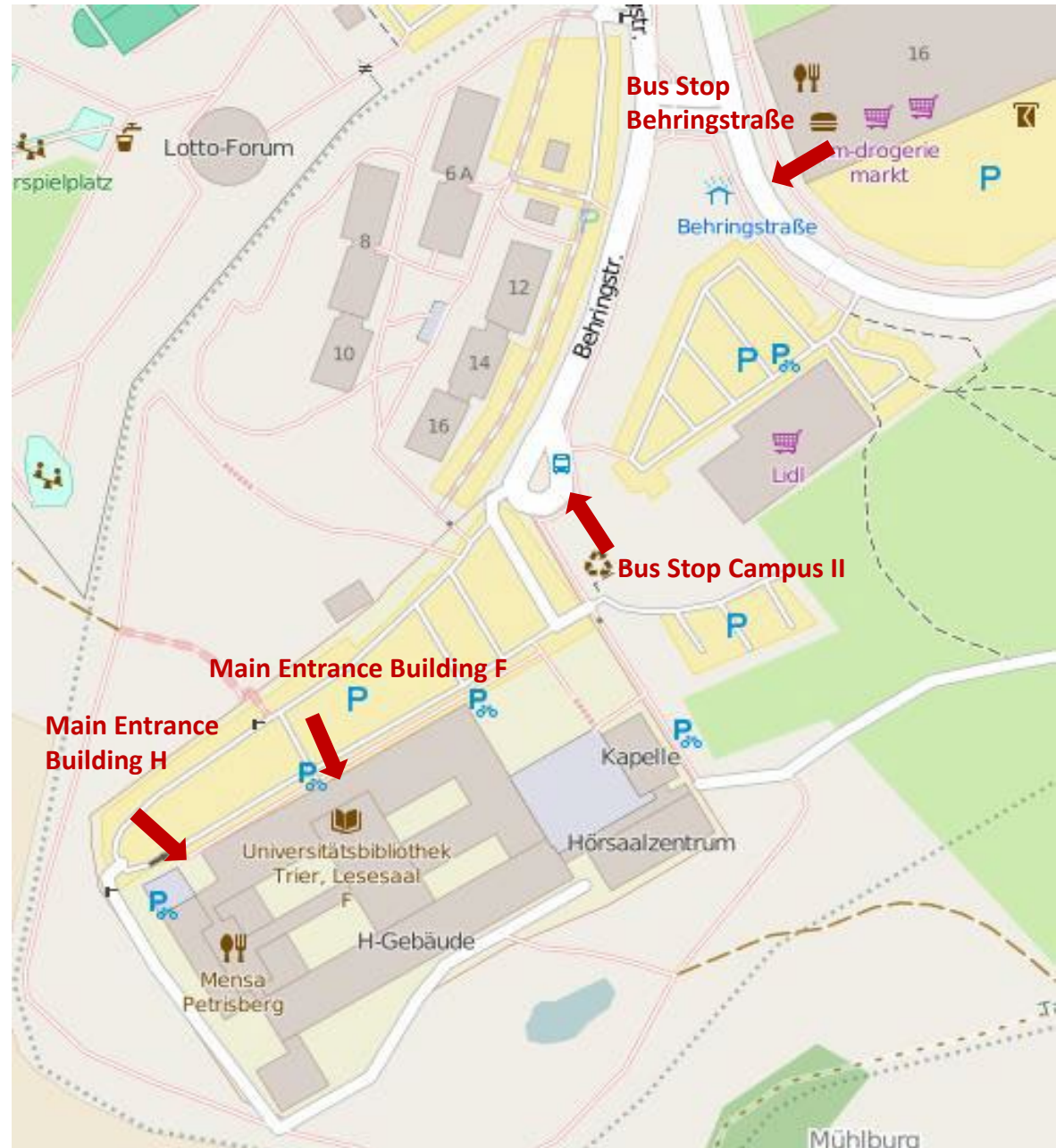
## WLE 2023

### Venue:

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

### Meeting Rooms:

H 714 (Building H, 7<sup>th</sup> Floor)  
H 730 (Building H, 7<sup>th</sup> Floor)



# March 30<sup>th</sup> 2023

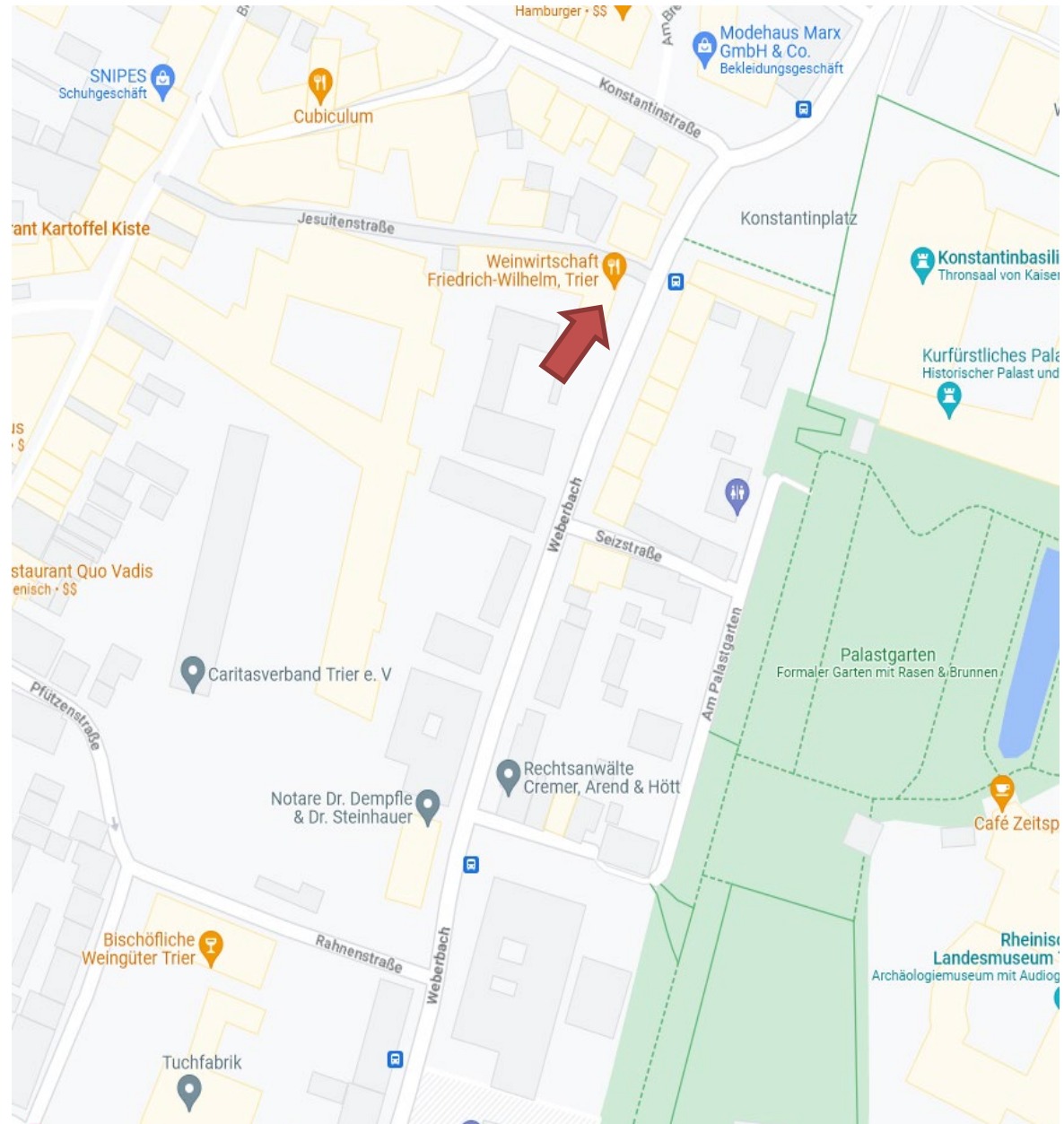
## 20:00 Conference Dinner

### Venue:

*(shuttle will be organized)*

Weinwirtschaft Friedrich-Wilhelm  
Weberbach 75  
54290 Trier

Tel.: +49 (0) 651 99474800  
[www.weinwirtschaft-fw.de](http://www.weinwirtschaft-fw.de)



# Schedule – Workshop on Labour Economics 2023

## Wednesday, March 29<sup>th</sup> 2023

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

## Thursday, March 30<sup>th</sup> 2023

08:15 – 08:45

Registration

08:45 – 09:00

Welcome and Opening

09:00 – 10:10

Session I

10:10 – 10:25

Coffee Break

10:25 – 12:10

Session II

12:10 – 13:10

Lunch (organised)

13:10 – 14:10

Session III (Poster Session)

14:10 – 15:20

Session IV

15:20 – 15:40

Coffee Break

15:40 – 16:50

Session V

16:50 – 17:20

Refreshment & Appetizers

17:30

Bus transfer to city center

18:00

Social Event: Wine Tasting

20:00

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



# Schedule – Workshop on Labour Economics 2023

## Friday, March 31<sup>st</sup> 2023

09:00 – 10:10	Session VI
10:10 – 10:25	Coffee Break
10:25 – 12:10	Session VII
12:10 – 13:10	Lunch
13:10 – 14:20	Session VIII
14:20 – 14:40	Coffee Break
14:40 – 15:50	Session IX
15:50	Farewell

All sessions will take place at IAAEU, Trier University, Campus II, Building H, 7<sup>th</sup> floor, in rooms H703, H714 and H730.

# Programme – Thursday, March 30<sup>th</sup>

08:15 – 08:45

Registration

08:45 – 09:00

Welcome and Opening

09:00 – 10:10

PARALLEL SESSION I

Session I (a), H714: Performance Pay

**Balász Reizer:** “The role of flexible wage components in gender wage differences”

**Marco Clemens:** “Performance pay and worker quality: Who reaps the rewards?”

Session I (b), H730: Technology

**Satia Rozynek:** “Who fears automation and job loss? Perception of workers in 6 EU countries”  
(Discussant: Hartmann)

**Felix Grimm:** “Digital technologies and worker careers: Impacts on job quality and training”  
(Discussant: Berton)

10:10 – 10:25

Coffee Break

# Programme – Thursday, March 30<sup>th</sup>

10:25 – 12:10

## PARALLEL SESSION II

### Session II (a), H714: Minimum Wage

**Jonas Feld:** “Minimum wages and EU labour mobility”

**Ramona Schmid:** “Mind the gap: Effects of the national minimum wage on the gender wage gap in Germany”  
(Discussant: Popp)

**Martin Popp:** “Minimum wages in concentrated labor markets”

### Session II (b), H730: Labour Supply

**Elisabeth Wurm:** “Can firms reduce the child penalty? Consequences of a mandated increase in firm family-friendliness”  
(Discussant: Goerke)

**Jakob Wegmann:** “Withheld from working more? Withholding taxes and labor supply of married women”  
(Discussant: Collischon)

**Matthias Collischon:** “Subsidized small jobs and maternal labor market outcomes in the long run”

12:10 – 13:10

Lunch (organised)

# Programme – Thursday, March 30<sup>th</sup>

13:10 – 14:10

## SESSION III (POSTER SESSION)

**Mattia Filomena:** “Unsafe temperatures, unsafe jobs: The impact of weather conditions on work related injuries”

**Anja Luzega:** “The Long-Term Effects of Diversity in School: Evidence from West Germany's Guest Worker Program”

**Björn Becker:** “How do promotions influence intra-household bargaining?”

**Theresa Geißler:** “Trade union membership and educational mismatch in Germany”

# Programme – Thursday, March 30<sup>th</sup>

14:10 – 15:20

## PARALLEL SESSION IV

### Session IV (a), H714: Employment I

**Agathe Simon:** “Temporary employment and poverty dynamics in Germany”  
(Discussant: Goerke)

**Fenet Bedaso:** “Her job, her safety? Domestic violence and women’s economic empowerment in Ethiopia”

### Session IV (b), H730: Well-being

**Christopher Prömel:** “The economic determinants of bitterness – Evidence from plant closures in Germany”  
(Discussant: Borah)

**Melanie Borah:** “Is a sorrow shared a sorrow doubled? Parental job loss and the life satisfaction of young and adolescent children”

# Programme – Thursday, March 30<sup>th</sup>

15:20 – 15:40      Coffee Break

15:40 – 16:50      **Parallel SESSION V**

## **Session V (a), H714: Industrial Relation**

**Fabio Berton:** “Unions, quits and innovation: theory and evidence“

**Francesco Angelini:** “Testing for threshold effects in presence of volatility and measurement error: The case of Italian strikes“

## **Session V (b), H730: Discrimination**

**Eric Haustein:** “The need for a Tweet: Foreigner criminality in police press releases and hate speech on social media?“

*(Discussant: Rubio-Ramos)*

**Melissa Rubio-Ramos:** “From plantations to prisons: The race gap in incarceration after the abolition of slavery in the U.S.“

# Programme – Thursday, March 30<sup>th</sup>

**16:50 – 17:30**      **Brief refreshment with some appetizers**

**17:30**                **Transfer to Social Event (*organised*)**

**18:00**                **Social Event: Wine Tasting**

**20:00**                **Conference Dinner**  
(More information will follow soon)

# Programme – Friday, March 31<sup>st</sup>

09:00 – 10:10

## PARALLEL SESSION VI

### Session VI (a), H714: Firms

**Luisa Braunschweig:** “Worker-firm matching over the career”  
(Discussant: Angelini)

**Theresa Markefke:** “The additional burden of working for a low-pay-firm: Imperfect competition and on-the-job-training”  
(Discussant: Reizer)

### Session VI (b), H730: Robots

**Verena Plümpe:** “Minimum wage, workforce competition, and robot adoption in Germany”  
(Discussant: Aytun)

**Ugur Aytun:** “Robots, employment and wages: Evidence from Turkish labor markets”

10:10 – 10:25

Coffee Break



# Programme – Friday, March 31<sup>st</sup>

10:25 – 12:10

## PARALLEL SESSION VII

### Session VII (a), H714: Migration

**David Sonnewald:** “Country of birth and wage differentials”  
(Discussant: Huang)

**Kevin Pineda-Hernández:** “Immigrant overeducation across generations”  
(Discussant: Sonedda)

**Robin Konietzny:** “Adapting to import shocks: The labour market outcomes of workers moving into other regions or business functions”  
(Discussant: Lesuisse)

### Session VII (b), H730: Work Contracts

**Juho Alasalmi:** “Hidden overtime: Optimal contracts with (self-)deceptive effort reports”  
(Discussant: Skåtun)

**John Douglas Skåtun:** “Rent-seeking and mitigation: Worker-firm investments with informational rent”

**Natalie Laub:** “Tightening access to early retirement: who can adapt?”

12:10 – 13:10

Lunch (organised)

# Programme – Friday, March 31<sup>st</sup>

13:10 – 14:20

## PARALLEL SESSION VIII

### Session VIII (a), H714: COVID-19 Pandemic

**Mara Buhmann:** “The Covid-19 pandemic and transitions out of unemployment”  
(*Discussant: Tkačevs*)

**Oļegs Tkačevs:** “Did job retention schemes save jobs during the COVID-19 pandemic? Firm-level evidence from Latvia”

### Session VIII (b), H730: Employment II

**Daniela Sonedda:** “The heterogeneous costs of job loss when employment protection is eroded”

**Pierre Lesuisse:** “Employment, unemployment, participation: A regional study”

14:20 – 14:40

Coffee break

14:40

Farewell

# 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 35 minutes for each paper:

- PhD students (with discussion): Maximum of 25 minutes for your presentation, plus 5 minutes for assigned discussant and 5 minutes for questions.
- All other presenters: Maximum of 30 minutes for your presentation, plus 5 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 Thursday: **Bus 4** towards “Irsch Hockweiler Str.” or ~~**Bus 14** towards “University Campus II”~~ (both from the main station bus platform 4, or from the Porta Nigra bus platform 1) - exit at bus stop “University Campus II”. Travel time from the Porta Nigra: about 20 min., from the main station: about 15 min.

### *Recommended buses:*

**Bus 4:** Departure at Porta Nigra on March 30<sup>th</sup>: 07:44 am (Arrival: 08:04am)

**Bus 4:** Departure at main station on March 30<sup>th</sup>: 07:47 am (Arrival: 08:04am)

~~**Bus 14:** Departure at Porta Nigra on March 30<sup>th</sup>: 07:58 am (Arrival: 08:19am)~~

~~**Bus 14:** Departure at main station on March 30<sup>th</sup>: 08:01 am (Arrival: 08:19am)~~

On Friday: *Recommended buses:*

**Similar bus connections as on Thursday, but departing 30 min later.**

# Abstracts

## Session I (a), H714: Performance Pay

**István Boza, Balázs Reizer:** “The role of flexible wage components in gender wage differences“

A main driver of the gender gap wage gap is the fact that women have a lower chance to enter high paying firms. Also, even upon entering, they receive a lower share of the firm specific wage premium than their male co-workers. We use a novel Hungarian linked employer-employee dataset and AKM decomposition to show that performance and overtime payments are main drivers of these gender differences in firm premia. One fifth of the total gender wage gap can be attributed to the fact that women receive a lower share of the firm specific wage premium at firms with overtime and performance payments. At the same time, labor productivity or firm size have a negligible effect on the gender difference in firm-specific wage premium conditional on the wage structure.

**Marco Clemens:** “Performance pay and worker quality: Who reaps the rewards?“

This study estimates the effect of individual bonus pay on worker productivity using rich data on performance outcomes. We exploit a policy discontinuity in a multi-national telephone company's call center, where management implemented monetary bonuses for achieving pre-defined performance thresholds. On average, we find no significant effect of the individual bonus pay on performance. However, the sub-sample analysis reveals a positive treatment effect for workers with higher levels of skill who are more likely to meet the performance target. The study implies that in order to boost employee productivity, performance objectives must be achievable.

# Abstracts

## Session I (b), H730: Technology

**Satia Rozynek:** “Who fears automation and job loss? Perception of workers in 6 EU countries”

The study investigates workers’ perceptions of the impact and consequences of technology on labour markets in six EU countries. Focusing mainly on the task content of occupations and levels of exposure to two kinds of technologies – robotics and digital solutions – I determine factors related to reporting substitutionary or complementary effects of technology on job task, fearing automation and job loss, and experiencing technological anxiety. The findings reveal that workers fear automation and job loss more when their jobs involve routine tasks and when they are exposed to robots and digital technologies. The share of workers envisioning future with large-scale technological unemployment outstrips the share taking the threat personally. Interestingly, more than half of workers report that technology has had no impact on their job tasks, with only 12% claiming to experience job task automation. Workers performing less routine tasks gain greater advantages from implemented technological solution. The findings provide insight into workers' awareness of potential automation processes, which may be crucial for adjusting to changes and maintaining employability.

**Felix Grimm:** “Digital technologies and worker careers: Impacts on job quality and training”

I investigate the impact of exposure to digital technologies on job quality and participation in employer-provided training at the individual worker level. Using a linked employer-employee survey, administrative data from Germany and various proxy variables for digitalisation, I estimate fixed effects and (ordered) logit models. Exposure to advanced digital technologies such as artificial intelligence and machine learning is associated with better working conditions and increased participation in further training. In contrast, a high exposure to basic digital technologies such as computers and computer-controlled machines is associated with lower job quality and less training participation.

# Abstracts

## Session II (a), H714: Minimum wage

**Ramona Schmid:** “Mind the gap: Effects of the national minimum wage on the gender wage gap in Germany”

With its introduction in 2015, the statutory minimum wage in Germany intends to benefit primarily low-wage workers. Thus, this paper aims at estimating the effectiveness of the implemented wage floor on gender wage gaps in the lower half of the wage distribution. Using administrative data, distinct regional differences regarding magnitudes of wage differentials and responses to the minimum wage are identified. Overall, wage gaps between men and women at the 10th percentile decrease by 2.46 and 6.34 percentage points respectively in the West and East of Germany after 2015. Applying counterfactual wage distributions, the study provides new evidence that around 60% and even 95% of the decline result from the introduction of the minimum wage in each region. Further, group-specific analyses identify concrete responses on the basis of age, educational level and occupational activity. Having yearly data, the study additionally reveals new results on the impact of the successive minimum wage raises in 2017 and 2019. Counterfactual aggregate decompositions of gender wage gaps finally indicate a decrease in discriminatory remuneration structures in the West of Germany due to the introduced wage floor.

**Martin Popp:** “Minimum wages in concentrated labor markets”

Economists increasingly refer to monopsony power to reconcile the absence of negative employment effects of minimum wages with theory. However, systematic evidence for the monopsony argument is scarce. In this paper, I perform a comprehensive test of monopsony theory by using labor market concentration as a proxy for monopsony power. Labor market concentration turns out substantial in Germany. Absent wage floors, an increase in labor market concentration by 10 percent makes firms reduce wages by 0.5 percent and employment by 1.6 percent, reflecting monopsonistic exploitation. In line with perfect competition, sectoral minimum wages lead to negative employment effects in slightly concentrated labor markets. This effect weakens with increasing concentration and, ultimately, becomes positive in highly concentrated or monopsonistic markets. Overall, the results lend empirical support to the monopsony argument, implying that conventional minimum wage effects on employment conceal heterogeneity across market forms.

# Abstracts

## Session II (a), H714: Minimum wage

*Jonas Feld*: “Minimum wages and EU labour mobility”

I study whether changes in prevailing local minimum wages affect regional labor inflows. Using the EU labor force survey (LFS) as a new data source for cross-country harmonized labor mobility allows me to construct a data set that provides me the annual worker inflow rates of 116 regions in six EU countries for the period 2003-2019. I combine these data with a measure of the regional impact of a minimum wage similar to the Kaitz index. Applying both a fixed effects model and the Arellano-Bond dynamic panel instrumental variable estimator, I then demonstrate that there is a sizeable impact of local minimum wages on regional EU worker inflow rates: A one percent increase in the Kaitz index is associated with a 0.3 percentage point increase in the immigration rate to the given region. Heterogeneity analysis reveals similar effects on male and female inflows, but a somewhat smaller response to minimum wages among younger individuals. The results hold for several alternative model specifications and robustness tests. My findings support earlier research on the importance of regional labor market conditions in immigration (location) decisions.



# Abstracts

## Session II (b), H730: Labour Supply

**Pia Heckl, Elisabeth Wurm:** “Can firms reduce the child penalty? Consequences of a mandated increase in firm family-friendliness”

In this paper, we analyze the impact of a mandatory increase in family-friendliness of firms on female labor market outcomes after child birth. We exploit a unique setting, when throughout 1995-2009 states in the US introduced “breastfeeding laws” requiring employers to provide break time and a private room for women to express milk or breastfeed. This mandated shift in the family-friendliness of firms allows us to capture the causal impact of a more family-friendly workplace in the short and long run. We find that a more family-friendly workplace increases employment after child birth - especially among highly educated, white, and married women. However, positive effects on mothers’ employment are temporary - they no longer exist as soon as the children are out of breastfeeding age.

**Tim Bayer, Lenard Simon, Jakob Wegmann:** “Withheld from working more? Withholding taxes and labor supply of married women”

Can the complexity of income tax systems impact labor supply decisions? We exploit that within married couples in Germany secondary earners typically pay higher (monthly) withholding tax rates than primary earners. We examine how these differences in withholding taxes impact the income of married women. In a first step, we document with the help of a survey that almost 90 % of the interviewed married individuals do not understand that withholding taxes do not determine the actual income tax, since the monthly withholding taxes are fully credited against the final income tax. Making use of a reform that decreased the withholding tax burden for some married women more than for others, while inducing no differences in income taxes, allows us to then estimate the elasticity of labor income with respect to the withholding tax. In line with our survey findings, we find that women adjust their labor supply following a change in withholding taxes. Our results imply that the high withholding tax burden of married women in Germany can partly explain their low labor supply. The results also highlight that governments should be aware that too large withholding taxes can result in an overestimation of the actual income tax and thus distort labor supply incentives.

# Abstracts

## Session II (b), H730: Labour Supply

**Matthias Collischon, Kamila Cygan-Rehm, Regina T. Riphahn:** “Subsidized small jobs and maternal labor market outcomes in the long run”

This paper investigates whether incentives generated by public policies contribute to motherhood penalties. Specifically, we study the effects of subsidized employment, the German Minijobs, which are frequently taken up by first-time mothers upon labor market return. Using a combination of propensity score matching and an event study applied to administrative data, we compare the long-run child penalties of mothers who started out in a Minijob employment versus unsubsidized employment after birth. We find adverse unintended consequences of the small jobs subsidy program for maternal earnings, which persist up to 10 years after first birth.

# Abstracts

## Session III (Poster Session)

**Mattia Filomena, Matteo Picchio:** „Unsafe temperatures, unsafe jobs: The impact of weather conditions on work related injuries”

We estimate the impact of temperatures on work related accident rates in Italy by using daily data on weather conditions matched to administrative daily data on work related accidents. The identification strategy of the causal effect relies on the plausible exogeneity of short-term daily temperature variations in a given spatial unit. We find that both high and cold temperatures impair occupational health by increasing workplace injury rates. The positive effect of warmer weather conditions on work related accident rates is larger for men, in manufacturing and service sectors, and for workplace injuries. Colder temperatures lead to a substantial increase in commuting accidents, especially during rainy days.

**Anja Luzega:** “The long-term effects of diversity in school: Evidence from West Germany's guest worker program”

The paper investigates the long-term effects of exposure to descendants of guest workers in school on the attitudes of native German students in adulthood. Beginning in 1955, millions of guest workers migrated to West Germany, resulting in significant demographic shifts. Using data from the German Socio-Economic Panel (SOEP), this study focuses on Germans who completed secondary school between 1975 and 1989. The results suggest that exposure to a small proportion of classmates with a migrant background is associated with a lower likelihood of expressing substantial concerns about immigration in adulthood. Exposure to diversity in school may lead to lasting changes in attitudes of the native population.

# Abstracts

## Session III (Poster Session)

**Björn Becker:** “How do promotions influence intra-household bargaining?”

*(not available)*

**Theresa Geißler:** “Trade union membership and educational mismatch in Germany”

Using the German Socio-Economic Panel data, we investigate the correlation between trade union membership and educational mismatch. Employing panel tobit and probit regressions, we find that union membership is negatively associated with overeducation, primarily among males. This finding remains consistent across subgroups of full-time or private sector male workers, as well as for males of all ages or residing in either East or West Germany. The same negative correlation is observed for females younger than the median age and residing in East Germany. Our results indicate that collective wage agreements and works councils do not drive this relationship. Conversely, no significant correlation is found between union membership and undereducation.

# Abstracts

## Session IV (a), H714: Employment I

**Agathe Simon:** “Temporary employment and poverty dynamics in Germany“

This paper studies the implication of temporary contracts on poverty dynamics. Specifically, we examine the poverty risk associated with temporary agency and fixed-term contract workers. Using the German Social Economic Panel (SOEP), we estimate a correlated random effect probit model with endogenous initial conditions, controlling for the initial value of explanatory variables, to assess the true state-dependence of poverty. Our results suggest that temporary workers face a higher risk of poverty than permanent workers. We provide insights on the risk of entering but remaining in poverty and show that this risk is significantly high for temporary agency and fixed-term contracts of less than one year. We show a reduced risk of poverty when it comes to medium term contracts, whereas it increases again for more extended fixed-term contracts. Furthermore, we show that depending on the family situation, being on a temporary contract has a different impact on the risk of poverty. Single individuals face a considerably higher risk of poverty when they are on a temporary contract, whereas this does not appear to impact the poverty dynamics of in-couple individuals.

**Fenet Jima Bedaso:** “Her job, her safety? Domestic violence and women’s economic empowerment in Ethiopia”

Domestic violence against women is pervasive problem in all countries regardless of cultural, economic and geographical boundaries. The incidence of domestic violence is very high in Sub-Saharan Africa. In this paper, I study the link between women employment on domestic violence using 2016 Demographic and Health Surveys in Ethiopia. To address the endogeneity of women employment, due to reverse causality, the study exploits exogenous geographical variation of the employment rate of women. After accounting for the endogeneity issue, the result reveal that women’s employment significantly reduces the risk of intimate partner violence. This result holds robust across physical, sexual, emotional violence.

# Abstracts

## Session IV (b), H730: Well-being

**Panu Poutvaara , Christopher Prömel, Max F. Steinhardt:** “The economic determinants of bitterness –Evidence from plant closures in Germany“

This study analyzes the determinants of bitterness, which describes a feeling of not having achieved what one deserves compared to others. First, we perform pooled OLS and fixed effects regressions, showing that bitterness is associated with various economic and non-economic factors, whereby the effect of unemployment stands out. Therefore, in the second step, we identify the causal effect of unemployment on bitterness by exploiting exogenous variation from plant closures. Combining matching based on entropy balancing with difference-in-differences estimation, we show that unemployment leads to a substantial and significant increase in bitterness.

**Melanie Borah, Christine Lücke:** “Is a sorrow shared a sorrow doubled? Parental job loss and the life satisfaction of young and adolescent children”

This paper examines possible spillover effects of parental job loss on the subjective well-being of 11- to 25-year-old children. In an empirical analysis of German panel data, we assess changes in children’s life satisfaction after the mother or father was made redundant due to plant closure. To account for the ordinal nature of life satisfaction in a fixed-effects framework, we apply the blowup-and-cluster estimator. Our results suggest that only fathers’ job losses have an adverse effect on children’s life satisfaction, and only so if they are associated with persistent unemployment. Subgroup analysis reveals that sons drive this effect. For maternal job loss, we find hardly any effect. We show that household income and parental well-being act as mediators. Their inclusion reduces the magnitude of our estimates for paternal job loss, but does not nullify the previously established effects.

# Abstracts

## Session V (a), H714: Industrial Relations

**Fabio Berton, Stefano Dughera, Andrea Ricci:** “Unions, quits and innovation: theory and evidence”

In this paper we develop a Cournot duopoly model to assess how workplace unions affect process and product innovation. We consider an industrial relations system where firm- and industry-level organizations coexist. In the spirit of the literature on voice, we assume that local bodies decrease labor turnover, acknowledging that this may nullify the innovation discouraging effect of central wage bargaining. Our predictions suggest that locally organized firms have greater product innovation incentives, while the effect on process innovation is less clear-cut. We then estimate an overidentified IV model on a large and representative sample of Italian firms and, consistently with the theory, find that firm-level bodies are responsible of 45 extra percentage points in the probability of undergoing product innovation, while the evidence on process innovation is more mixed. We also find that the presence of firm-level entities reduces workers' turnover on both the hiring and separation margins – supporting our voice interpretation – and that alternative estimation strategies underestimate our findings.

**Francesco Angelini, Massimiliano Castellani, Simone Giannerini, Greta Goracci:** “Testing for threshold effects in presence of volatility and measurement error: The case of Italian strikes”

We address the issue of testing for a threshold ARMA effect in presence of conditional heteroscedasticity. We show that tests that do not account for the presence of volatility fail to achieve the correct size even for moderate to large sample sizes. We propose a supremum Lagrange Multiplier test statistic where the null hypothesis specifies a linear ARMA-GARCH model against the alternative of a TARMA-GARCH model. We derive the asymptotic theory for the test and use it for the analysis of the macroeconomics series of Italian strikes. We show that the TARMA-GARCH specification is consistent with the relevant macroeconomic theory while capturing the main features of the Italian strikes dynamics, such as asymmetric cycles and regime switching. Moreover, we show that the TARMA specification naturally accounts for the ubiquitous presence of measurement error that affects macroeconomic data.

# Abstracts

## Session V (b), H730: Discrimination

**Eric Haustein:** “The Need for a Tweet: Foreigner Criminality in Police Press Releases and Hate Speech on Social Media”

This study investigates the role of police communication in shaping public discourse on social media in the context of immigration, crime, and political populism. We compile a unique dataset of more than 1.5 million press releases from 220 local police entities published between 2016 and 2022 and analyze the implications of disclosing perpetrators' national origins when reporting on crime. Utilizing an instrumental variable approach, we attempt to disentangle the causal effect of naming suspects' nationalities in press releases from the general societal climate. Our findings indicate that disclosing nationalities leads to a higher likelihood of observing a police press release on Twitter, increased user engagement, and a rise in toxic tweets, predominantly driven by disclosed nationalities of perpetrators from Muslim-majority countries. We then analyze a unilateral policy change in Mecklenburg-Western Pomerania and find that the policy increased the disclosure of German nationalities without a systematic change in the general reaction on Twitter.

**Melissa Rubio-Ramos:** “Testing for threshold effects in presence of volatility and measurement error: The case of Italian strikes”

This paper documents the emergence of a race gap in incarceration after the abolition of slavery in the U.S. Counties that relied more on slave labor incarcerated more African Americans, with no comparable effects for whites. An increase of slave reliance by 10% increases black incarceration rates by 1.8-per-1,000. This effect is associated with an increased use of prison labor. Consistent with this, I show that arrests increase before cotton harvesting and incarceration declines after exogenous shocks that decrease the demand for labor. I find no evidence for supply-side mechanisms, according to which former slaves commit more crimes.



# Abstracts

## Session VI (a), H714: Firms

**Luisa Braunschweig, Wolfgang Dauth, Duncan Roth:** “Worker-firm matching over the career”

While the importance of worker-firm matching for wage inequality has been studied intensively in the economics literature, less is known about the role it plays in life cycle wage growth. In this paper, we examine the development of worker-firm matching over the career. Using rich administrative German data, we apply an AKM wage decomposition and show that workers and firms are matched assortatively meaning that workers of a specific quality tend to work at firms of a similar quality. Additionally, we find that the degree of assortative matching increases over the career. While the correlation between worker and firm quality amounts to 0.24 at the beginning of the career, it increases to 0.37 in the eighth job indicating that job mobility is linked to a higher degree of worker-firm matching. The finding that the degree of worker-firm matching increases over the career continues to hold when compositional differences between job numbers are accounted for. However, our results also show that the improved matching is experienced by high-skilled workers in particular.

**Theresa Markefke:** “The additional burden of working for a low-pay-firm: Imperfect competition and on-the-job-training”

I study the role of firm heterogeneity for the provision of on-the-job-training. To this end, I derive empirical hypotheses based on the strategic wage posting model by Manning (2003). Using high quality data for the German labor market, I analyze how firms' training activities differ depending on firms' position in the wage distribution, and second, how this interacts with individual workers' training participation and wages. Consistent with theoretical predictions, I find that higher-paying firms provide more on-the-job-training and workers employed at those firms are more likely to participate in training. Wages increase after training, but the correlation is not always statistically significant. My findings imply that workers matched with a lower-paying firm will face worse career and income opportunities than workers matched with higher-paying firms due to lower on-the-job-training provided by the firm.

# Abstracts

## Session VI (b), H730: Robots

**Liuchun Deng, Verena Pluempe, Jens Stegmaier** : “Minimum wage, workforce composition, and robot adoption in Germany”

We study the effect of the minimum wage on robot adoption in German manufacturing. By exploiting the variation of whether and to what extent a plant is affected by the minimum wage introduced in 2015, we document a positive effect of the minimum wage exposure on plant-level robot adoption in both extensive and intensive margins. Based on the underlying worker-level data, we find that among the workers who are affected by the minimum wage, it is the workers in simple manual occupations that drive the positive effect, thus supporting the theoretical prediction based on a task-based model of robot adoption.

**Ugur Aytun, Yilmaz Kilicaslan, Oytun Mecik, Umit Yapici**: “Robots, employment and wages: Evidence from Turkish labor markets”

In recent years, effects of automation on labor market were outpaced due to the widespread usage of robots in various industries. However, empirical studies mostly cover developed countries. Our aim in this study is to investigate how the robotization in Turkey affects local and worker level labor market outcomes in Turkey. Using novel employer-employee data and Federation of Robotics (IFR) database for 2014-2021 period, we find in our baseline specification that unlike the existing literature, robot exposure has positive effects on employment growth of provinces. This effects hold for manufacturing and nonmanufacturing industries separately, arguing that instead of crowding out of labor, reallocation between main industries occurs. Moreover, we see this positive employment effect due to the robotization in automotive industry. Finally, worker level analysis reveal that incumbent workers in manufacturing industry have reduced their employment when they face robot exposure. Moreover, they were likely to separate their original workplace and occupation and unlikely to find another job in nonmanufacturing industry. However, if they manage to find a job, their earnings are found to be significantly higher than their initial job.

# Abstracts

## Session VII (a), H714: Migration

**David Sonnewald:** “Country of birth and wage differentials”

I compute and investigate wage differentials in Belgium between individuals born in the country and five major groups of non-native workers. I find that foreigners (but those from EU15 countries) earn, on average, less than natives, with the size of the wage gap that varies importantly across the different groups. Applying the Oaxaca-Blinder decomposition to the wage differentials, I find that skills and characteristics only account for a portion of the gaps. Complementarily, a part of the wage differentials remains persistently unexplained, especially for non-European workers. Additional information on industry affiliation and occupation decreases this unexplained part, but it also shows the existence of industrial and occupational segregation. In occupations with large shares of non-native employment, the overall gap is much lower, the unexplained portion nears zero and, in four of the five groups of foreigners, the average wage is even higher than that of Belgian-born workers. I also find evidence of glass ceilings rather than sticky floors.

**Kevin Pineda-Hernández, François Rycx, Mélanie Volral:** “Immigrant overeducation across generations”

A large body of literature shows that first-generation immigrants born in developing countries face a significantly higher likelihood of being overeducated than natives. However, when it comes to assessing their descendants’ overeducation, evidence is remarkably scarce. Therefore, using granular matched employer-employee data and generalized ordered logit regressions, we contribute to the literature with a comprehensive study on the intergenerational relationship between overeducation and origin among tertiary-educated workers in Belgium. We find that immigrant overeducation disappears across two generations, except for workers from the Maghreb. Nonetheless, among part-time female and male workers, immigrant overeducation is an intergenerationally persistent phenomenon.

# Abstracts

## Session VII (a), H714: Migration

**Robin Konietzny:** “Adapting to import shocks: The labour market outcomes of workers moving into other regions or business functions“

This report assesses whether and how import exposure affected German workers' regional mobility and job switching between 2000 and 2011. We also explore the wage and job satisfaction consequences of moving to another region and job switching following a trade shock. To this end, we develop a novel measure of regional-level trade exposure that also groups occupations with similar characteristics into business functions (management, marketing, R&D, and fabrication). We use trade data from the World Input-Output Database and regional employment data for 96 local labour markets from the German Federal Employment Agency, and combine them with worker-level data from the German Socioeconomic Panel to analyse trade exposure at the region-function level. Our findings show that more intense regional trade shocks made workers more likely to move to another region and switch their functions. In the most exposed regions, the probability that fabrication workers moved to another region more than doubled compared to the baseline probability. The probability of switching functions as a result of increased trade exposure increased by about 50% compared to the baseline. However, workers' probability of switching their functions following a trade shock increased only after a lag, likely because individuals need time to acquire new function-specific knowledge and skills. Moreover, the report reveals that workers who chose to move to another German region following a trade shock could offset the negative impact on their earnings and job satisfaction. In fact, moving resulted in higher wages and greater job satisfaction compared to staying behind. Workers who switched to a new function also increased their earnings but did not improve their job satisfaction compared to those who remained in the same function. These findings provide policymakers with new insights into the complex ways in which trade affects workers' lives and livelihoods, and how individuals adapt to the changing employment conditions it brings.

# Abstracts

## Session VII (b), H730: Work contracts

**Juho Alasalmi, Susanne Goldlücke, Michelle Jordan:** “Hidden overtime: Optimal contracts with (self-)deceptive effort reports”

Requiring extra hours to get a job done signals low skills. With unobservable effort (hours of work), image concerned agents may prefer to underreport effort to hide low skills from the principal or themselves. We show how such “hidden overtime” can arise as a consequence of the optimal contract if the principal asks for overtime reports but has no way of ensuring that these reports are also correct. It is possible that the principal benefits from the agent’s image concerns but also that the agent works inefficiently long hours. The effects of different monitoring systems and regulatory regimes are evaluated. While monitoring working hours can alleviate problems caused by hidden overtime, a legal obligation to install such a system is not necessary.

**John Douglas Skåtun:** “Rent-seeking and mitigation: Worker-firm investments with informational rent”

This paper investigates how workers use investment in training for informational rent extraction. Firms respond by providing training to all workers irrespective of type, reducing skill disparities between high-quality and low-quality workers to mitigate the high-quality workers’ leverage. Endogenising skill levels reverses the standard effort efficiency result of high-quality agents from the principal-agent literature. The paper introduces a new mechanism to generate underinvestment. In a Becker human capital context and contrary to previous literature the paper argues workers have incentives to invest in specific human capital giving some scope for government intervention, for firm and public training schemes to coexist.

# Abstracts

## Session VIII (a), H714: Jobs

**Marco Francesconi, Daniela Sonedda:** “The heterogeneous costs of job loss when employment protection is eroded”

We use detailed Italian administrative matched employer-employee data to estimate the cost of job loss in the entire re-hiring market taking advantage of a 2012 reform, which eroded employment protection to workers hired on permanent employment contracts. Exploiting the staggered nature of the process of job loss among workers over time, we find large costs of job termination. The reform led to additional penalties in terms of lower re-hiring earnings and lower re-employment probabilities. Laid-off workers were not more severely penalized than others. Heterogeneous impacts on outcomes deepened pre-existing divides in the labor market. Female and younger workers, those employed in small firms and in Southern Italian regions faced the heaviest losses.

**Konstantins Benkovskis, Oļegs Tkačevs, Kārlis Vilerts:** “Did job retention schemes save jobs during the COVID-19 pandemic? Firm-level evidence from Latvia”

This paper studies the employment effect of the job retention scheme implemented during the COVID-19 pandemic. Using firm-level data from Latvia, we investigate whether employment growth in firms that have received support from the job retention program is different from that of similar firms that have not received such support, and whether these differences disappear over time. We find strong evidence that job retention scheme participants in Latvia were less likely to cut employment and that this effect persisted for several months after receiving support. Participation in the job retention scheme affected both the likelihood of a firm’s survival and the rate at which employees were laid off. Our results also suggest that the participation effect was not uniform across firms, with the effect being more pronounced in sectors with less contact intensity and in sectors with a higher proportion of highly skilled employees.

# Abstracts

## Session IX (a), H714: Employment II

**Mara Buhmann, Laura Pohlana, Duncan Roth:** “The Covid-19 pandemic and transitions out of unemployment”

So far, the short-term effects of the Covid-19 pandemic on the labour market have been widely analysed but much of the pandemic’s longer-term impact is not understood. Therefore, this paper investigates the longer-term effects of the Covid-19 pandemic on transitions out of unemployment and subsequent labour market biographies in Germany. Additionally, since the pandemic affected occupations differently (e.g. depending on the possibility to work from home), the existence of heterogeneous effects across occupations is assessed. All in all, the results show that the pandemic led to a strong and persistent earnings loss, which can mainly be explained by a reduction in employment in the short-run and by a reduction in wages in the long-run. Moreover, examining the heterogeneity across occupations indicates that the magnitude of these effects differs by occupations in which the unemployed previously worked.

**Pierre Lesuisse:** “Employment, unemployment, participation: A regional study”

Despite having a GDP growth rate above the EU-15 average, labor market conditions in some Central and Eastern European countries (CEECs) remain problematic. In particular, unemployment rates have been slow to approach the European average, and the labor-force participation rate remains below European standards. This non-employment is all the more problematic given that regional heterogeneities in the EU have been increasing over time. We use the approach of Blanchard and Katz [1992] in order to understand how the unemployment rate and the participation rate respond, at the regional level, when an employment shock occurs. We find that across the EU-28 there is an effective labor supply adjustment, with a short-run and temporary response of the unemployment and participation rates. We find no significant differences between the EU-15 and CEE regions and conclude that labor market conditions are converging within the EU as a whole. However, with respect to the overall employment structure, we highlight the role of the sectoral reallocation of labor in increasing labor market flexibility. Finally, we highlight the higher sensitivity of women’s participation to employment shocks.

# Abstracts

## Session IX (b), H730: Retirement

**Svenja Miltner, Clemens Hetschko:** “Time preference, labor supply and retirement -Evidence from German panel data“

Time discounting may decrease elderly workers labor supply at the extensive and intensive margin. We empirically study the link between time-discounting and retirement timing. Previous research has focused on retirement as full withdrawal from the labor force. We study the impact of impatience on partial and full retirement based on a sample of full-time employed respondents from rich German panel data. These are aged 60 to 67 years and hence become gradually eligible for claiming a state pension. We combine a valid survey measure of impatience with information on labor market biographies. This includes monthly records on part-time work and retirement as well as daily working hours surveyed annually. Scoring one standard deviation above the sample mean of impatience significantly increases the propensity to fully retire by 10 %. Impatience in older workers also makes them much more prone to enter part-time work prior to full retirement. This finding is corroborated further by our finding of a negative association between impatience and working hours. We conclude that the impact impatience has on early retirement and thus pension incomes is underestimated unless its role in partial retirement is considered, too.

**Bernhard Boockmann, Martin Kroczeck, Natalie Laub:** “Tightening access to early retirement: who can adapt?“

We study heterogeneity in the effects of two pension reforms that closed pathways into early retirement, the abolition of old-age pension for women and the abolition of old-age pension after unemployment or parttime work. We focus on effect heterogeneity with respect to occupational tasks, job strain exposure and new technological developments. Both reforms had significant effects on individuals' employment states and in both cases the effects differ significantly over occupational differences. Most prominently, higher occupational demand is associated with a smaller positive effect on employment. Effects differ by performed tasks and technological developments, too; though not always in the same manner for both reforms. By nature, our analysis can not unveil causal drivers of effect heterogeneity. Our results point to relevant associations with occupational characteristics, however. Those characteristics are salient. Our analysis shows that longer employment participation is not equally easy to reach for all employees. This highlights the importance of targeted support to maintain employability and to create jobs which correspond to the demands of older employees.



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# Notes

# Notes

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