

Seminar: Firms, Workers, and Wages

Summer Term 2019

Chair of Economics: Productivity and Innovations

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Contents

It is a long established finding in the literature about wage differentials that not only worker but also employer characteristics, such as firm size or industry affiliation, play an important role for wage formation. In this seminar, we discuss both classical and recent empirical studies that shed light on the role of firm characteristics in the wage formation process.

The following papers will be discussed:

1. Abowd, J. A., and Lemieux, T. (1993): The effects of product market competition on collective bargaining agreements: The case of foreign competition in Canada, *Quarterly Journal of Economics* 108, 983–1014.
2. Brown, C., and Medoff, J. (1989): The employer size–wage effect, *Journal of Political Economy* 97, 102–1059.
3. Card, D., Cardoso, A. R., Heining, J., and Kline, P. (2018): Firms and labor market inequality: Evidence and some theory, *Journal of Labor Economics* 36, S13–S70.
4. Card, D., Heining, J., and Kline, P. (2013): Workplace heterogeneity and the rise of West German wage inequality, *Quarterly Journal of Economics* 128, 967–1015.
5. Green F., Machin, S., and Manning, A. (1996): The Employer Size–Wage Effect: Can Dynamic Monopsony Provide an Explanation? *Oxford Economic Papers* 48, 433–455.
6. Gürtzgen, N. (2009): Rent-sharing and collective bargaining coverage: Evidence from linked employer–employee data, *Scandinavian Journal of Economics* 111, 323–349.
7. Hirsch, B., and Müller, S. (2018): Firm Wage Premia, Industrial Relations, and Rent Sharing in Germany, IZA Discussion Paper No. 11309, Bonn.
8. Krueger, A. B., and Summers, L. H. 1988: Efficiency wages and the inter–industry wage structure, *Econometrica* 56, 259–293.
9. Van Reenen, J. (1996): The creation and capture of rents: Wages and innovation in a panel of U.K. companies”, *Quarterly Journal of Economics* 111, 195–226.
10. Song, J., Price, D. J., Guvenen, F., Bloom, N., and von Wachter, T. (2019): Firming up inequality, *Quarterly Journal of Economics* 134, 1–50.

Structure

The seminar will begin with an introductory session on **17 April, 2019** (room G22A–128). If you do not come to this session you will lose permission to take part in the seminar. In this first session, each student will be assigned one of the papers and is expected to write a short seminar paper (max. 6 pages) about this paper in the course of the semester. Moreover, students will hold **two** presentations. One presentation is about the own paper (max. 25 min.) mainly discussing what the seminar paper will be about. Comments from seminar

participants should help presenters to improve their later submitted seminar papers. This presentation should be sent to eva.weigt@iwh-halle.de by **13 May** (before midnight of that day). Then, we will send one presentation from another student to each participant that she will critically discuss in her second presentation (max. 10 min.) on the basis of what she has learned herself from the paper the presentation is about. Hence, each student is expected to be an “expert” on two papers of the literature list. This second presentation should be sent to eva.weigt@iwh-halle.de by the evening of **21 May**. We will meet again on **22 May** for our presentation session (depending on the number of participants there may be a second meeting for presentations, on 23 May). Seminar papers are expected to be submitted by **11 June 2019** (before midnight of that day) to eva.weigt@iwh-halle.de. The final grade will comprise two separately graded parts: the seminar paper (2/3) and the two presentations (1/3). Note that you only pass the seminar if each part is passed separately (e.g., in case that you do not hand in your presentations in time and, hence, this part is graded with 5.0, you cannot pass the seminar anymore).

Enlistment and prerequisites

How to enlist? Write an email indicating your **name** and **student ID** to eva.weigt@iwh-halle.de. Also state your preferences for **three** of the papers from the literature list (descending from most to least preferred). Students should have a solid background in multivariate regression analysis, please attach your **latest transcript of records** (download is sufficient). **Enlisting ends on 30 March**. Students will be notified successively by email about the result of the selection procedure. The mandatory enrolment (with your signature) is during the introductory session (on **17 April**). At this point there will be a chance for students on a waiting list to take vacant places (from students not signing in).