

Conference on the Analysis on Firms and Employees: Quantitative and Qualitative Approaches

Background

The analysis of the interactions of firms and employees has followed two distinct paths. One path has focused on large scale, nationally representative datasets on firms and employees, typically housed at federal statistical agencies. In some cases, this path has intensively used the integration of administrative and survey data and in other cases the use of surveys designed to collect information about both firms and workers. The other path has been the development of specialized surveys of a small number of firms (or even one firm) and/or intensive observation (essentially collection of qualitative data) from case studies based on site visits to firms by researchers and sets of researchers, and typically housed at universities or think-tanks. In some cases, this latter path has involved getting the personnel records for one or more firms and studying the interaction of the firm and its employees intensively.

Each of these two study approaches has uncovered interesting and useful pieces of information. Researchers working with large-scale, national, firm-level datasets have begun to uncover important underlying dynamics: there is a high pace of both job reallocation and worker reallocation at businesses. On a quarterly basis, the cumulative accession and separation rates at businesses each exceed 20 percent on average. About a third to a half of all worker reallocation is associated with jobs being reallocated and the balance associated with workers reallocating themselves across a given set of jobs. This worker reallocation is interesting not just in its own right, because the associated time and resource costs, but also because it has important implications for worker and firm outcomes. For workers, wage, job ladder and career path outcomes are affected both by who the worker is and by where the worker works. For firms, productivity levels and growth rates differ substantially across businesses and there is increasing evidence that the outcomes are critically affected by how businesses organize themselves and select their workforce. Still, one weakness of existing empirical analysis of firm outcomes from large, national datasets is that the underlying determinants of firm performance are generally unknown.

In contrast, researchers who have been engaged in intensive study of a small number of firms through either case studies or specialized surveys have been able to describe rich contextual variation in organizational decision-making. Many of these studies have been conducted within the context of projects affiliated with the Sloan Foundation's Industry Centers and the NBER/Sloan joint projects sponsoring site visits. These studies have highlighted, among other things, the importance of human resource practices such as the use of teams for the successful adoption for the use of new technologies (e.g., information technology), and have as a common theme the link between business success how businesses organize their workers. While such work has demonstrated the tremendous value added of specialized surveys and the insights to be derived from the intensive qualitative data collection associated with site visits, questions are often raised about the generalizability of results from small, potentially non-representative samples. Moreover, since the qualitative data collected is often in the notes from the researchers who conducted the site visits, a related challenge has been how to provide access to the full range of qualitative observations to other researchers.

Although these two paths have hitherto been separate, advances in both theory and data collection, now make it possible to combine them and fundamentally change the way in which researchers develop theories, and collect and analyze data on organizations and people. For several years now, researchers have been analyzing matched employer-employee datasets, in which they have data on all the workers within identifiable firms. These data have been used to address a variety of organizational topics, such as determinants of wage inequality, the use of alternative wage policies (such as the use of incentive pay) and their impact on worker selection, gender differences in promotion, and differences alternative career

paths within and across firms. However, it is now feasible to go beyond these traditional data sets, and to create multimodal datasets from information that often forms the heart of case study research – such as videos, transcripts, pictures and e-correspondence -- using cyber-tools that can archive, index and curate these disparate forms of information. It is also feasible to develop semantic indexing so that the resulting databases can be searched and used to inform empirical analyses on large scale national datasets.

These new capacities mean that it is possible to envision the development of a new field of economics that is at the nexus of labor economics, industry studies and industrial organization. The focus of this field is inherently the organizational structure of businesses with a focus on how workers are organized. Matched employer-employee data that include the information from large-scale datasets as well as from specialized surveys and site visits provide both momentous opportunity for the study and understanding of the interaction of firms and workers *and* a serious challenge to the protection of privacy and confidentiality. Balancing these two interests will require extensive basic research in the social and behavioral sciences as well as the computer and information sciences. In addition, basic research will be necessary to assess how best to convey confidentiality assurances to the entrepreneurs and managers who will provide the key components of the dataset. In essence, part of the research agenda would be to establish confidentiality standards that could be widely applied and that would have a full scientific imprimatur.

Conference Proposal

This conference is planned to foster just such a research agenda. It is envisioned to be a high quality international conference, with 20 to 30 papers selected, through a refereeing process. It will:

- bring together traditional economists, industry studies researchers, researchers who have conducted case studies, researchers who are using new methods of data collection for the interactions of businesses and workers and confidentiality researchers;
- focus on bringing in junior researchers – particularly graduate students – who can begin to build careers around this emerging field;
- provide the impetus for developing a website that can be a continuing focus and central site for posting ongoing research and further developments; and
- produce, in addition to a proceedings, a special issue of a journal and a book (like the very well received *The Creation and Analysis of Employer and Employee Matched Data*, (eds) John Haltiwanger, Julia Lane, Jim Spletzer, Jules Theeuwes and Ken Troske (eds) North Holland, 1999 produced as a result of the 1998 linked employer-employee conference that John Haltiwanger and Julia Lane (among others) organized.

Conference Logistics

Provided in attached flyer