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Wage Structure Effects of Plant-Level Innovations

Abstract

Using an event-study methodology, I examine the time series of various wage measures for employees at plants adopting significant “innovations” likely to be associated with changes in labor demand. I study four main types of innovations: “high-performance work practices” (such as delegation and autonomous work teams), outsourcing, new product developments, and manufacturing technology upgrades. Some preliminary results are: (a) wages (measured both as log wages and log residual wages) in adopting plants deviate from the control group around the time of the innovation, (b) residual wages increase relative to the control group for high-performance work practices and one measure of outsourcing, but they fall relative to the control for new product developments and manufacturing technology upgrades, and (c) adopters’ wage structures generally differ distinctly from non-adopters’, both before and after the innovation.