Institut für Arbeitsmarkt- und Berufsforschung

Die Forschungseinrichtung der Bundesagentur für Arbeit

IAB

IAB-Colloquium

zur Arbeitsmarkt- und Berufsforschung

Einladung 21/2013

Managing Human Capital Risk

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Labor adjustment costs (LAC) give firms an incentive to minimize labor turnover. This implicit commitment transfers risk from fluctuations in the value of the employees' output – or human capital risk – from the employees' to the firm's balance sheet. In response to an increase of LAC, financially unconstrained firms regain financial flexibility by increasing equity-financed cash, while constrained firms save on risk management. These predictions are tested with a regression discontinuity design. Unionization, a proxy for LAC, causes higher cash-to-asset ratios and lower leverage in unconstrained but not in constrained firms. Operating leverage is not the driver.

Donnerstag, 15. August

13:00 Uhr

Sitzungssaal 126a