



INSTITUTE FOR EMPLOYMENT
RESEARCH

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LABOUR MARKET TRANSITIONS: CHALLENGES FOR PUBLIC POLICIES AND RESEARCH

International IAB EU-Conference 2020

COLLECTION OF ABSTRACTS

NUREMBERG, 7TH – 9TH SEPTEMBER 2020

MONDAY, 7. SEPTEMBER 2020

1:15 p.m. Session 1: Apprenticeship

The unexpected effect of subsidies to apprenticeship contracts on firms' training behavior

Clément Brébion, CNAM, CEET, Laboratoire interdisciplinaire de recherches en sciences de l'action (Lirsa) and PSE

This paper offers both a theoretical model and an empirical analysis of firms' behavioural response to variations in the labour cost of apprenticeship contracts. I study two outcomes: (i) firms' propensity to train; (ii) retention of apprentices upon graduation in their training firm. The identification strategy relies on a French reform that entitled regions to change the amount and criteria of a large subsidy targeting employers of apprentices. Before the reform, the subsidy applied homogeneously across regions; after the reform, strong variations in its level and criteria appeared according to firms' location. The data come from 3 administrative databases and from regional regulations that I collected from 16 regional services for apprenticeship training. Using triple-difference techniques, I show that subsidies foster turnover strategies. Thus, I find a limited but significantly negative elasticity of the number of apprentices hired to training costs. The point estimate is -0.22. As hypothesized in a theoretical model, the impact however mostly plays at the intensive margin (training firms taking on more apprentices) rather than at the extensive margin (new firms entering the system). This suggests that training firms may respond to a rise in subsidies by training over their needs in skills. Confirming this interpretation, I find that a drop in the cost of apprenticeships decreases training firms' likelihood to retain apprentices upon graduation.

Can a Short-term Job Trial Programme Kick-Start Young Jobseekers' Career?

Judit Krekó, Budapest Institute for Policy Analysis

Márton Csillag, Budapest Institute for Policy Analysis

Ágota Scharle, Budapest Institute for Policy Analysis

The aim of the paper is to perform a counterfactual evaluation of a publicly funded short-term hiring subsidy designed for young jobseekers, the 90-day job trial programme in Hungary. The intervention was introduced in 2015 a part of the Youth Guarantee scheme. The job trial can serve as a first step toward the labour market hence can be especially relevant for young persons with little work experience, while its cost is relatively low and doesn't require long term commitment from neither side.

The analysis is based on a linked administrative dataset of PES registers and social security records. We rely on propensity score matching for causal inference: we compare job trial participants and participants in public works and training programmes. The social security database allows us to construct labour market history variables that help mitigate selection bias. Our estimates indicate that the 90-day job trial improves employment probability 6 months after the programme compared to the public work programme significantly, by 7.6% points (but it is not more effective than the training programmes). However, Individuals participating in job trials are probably the most employable young jobseekers: they have higher level of education, live in more developed regions, spent less time in NEET status, and have more work experience than members of the control groups. This raises the danger that the programme does not reach those who need help the most. As an alternative identification, we exploit that in the Central-Hungarian region, the programme started 9 months later than in other parts of the country by administrative reasons and apply a difference-in-difference framework to estimate the effect of the Youth Guarantee on eligible jobseekers' outcomes.

The long-term impact of improving non-cognitive skills of adolescents: Evidence from an English remediation programme

Augustin de Coulon, King's Business School, King's College London, Centre for Vocational Education Research

Vahé Nafilyan, King's Business School, King's College London, Centre for Vocational Education Research, Office for National Statistics

Stefan Speckesser, National Institute of Economic and Social Research, Centre for Vocational Education Research, Centre for Vocational Education Research

In this paper, we estimate the long-term labour market effects of Entry to Employment (E2E), an intervention designed to improve the non-cognitive skills of low-achieving adolescents in England. Using an instrumental variable approach, we find that E2E courses increased earnings for participants by £9,000 around ten to twelve years after participation, primarily by improving the employment rate of participants. Results from placebo tests indicate that our findings are unlikely to be affected by unobserved heterogeneity.

Compromising in the transition from school to vocational training: social differences in the (mis)match between adolescents' occupational aspirations and decisions

Lea Ahrens, Leibniz-Institut für Bildungsverläufe e.V.

Melanie Fischer, Friedrich-Alexander-Universität Erlangen-Nürnberg (FAU)

Corinna Kleinert, University of Vienna

Brigitte Schels, Institute for Employment Research (IAB)

German adolescents who apply for vocational training positions have to decide early in their lives about a first occupation which has lasting impact on their employment careers. This affects in particular lower and intermediate secondary school leavers. At the end of general schooling, adolescents adapt their realistic occupational aspirations to opportunity structures in the education system and vocational training markets. Previous studies have shown that making such compromises increases the chances of making a successful transition (Tomasik et al. 2009). However, at the same time, the market may also lose talents when adolescents' decisions fall below their occupational aspirations, which is particularly likely among adolescents with low qualifications and of low-status families (Hanson

1994). Moreover, a non-realization of aspirations can be detrimental to the further career progress, e.g. increase the risk of a premature termination of the training contract (e.g. Rohrbach-Schmidt & Uhly 2015). In sum, our results point to a larger role of demand-side processes of compromising than to socially differentiated self-selection of students into occupations which deviate from their occupational aspirations. Most young people have to make compromises when making the transition from school to vocational training. On the one hand, the findings refute the view that compromising always entails a loss. On the other hand, it is worrying that there exists a group of young people who are massively worse off in the training occupations than they are in their aspirations. Not only do they forego wages and prestige but also job security and compatibility with social tact. In further research, we will examine the consequences of compromising for the further course of vocational training.

2:15 p.m. Session 2: (Un)Employment

Effects of Mass Layoffs on Local Employment – Evidence from Geo-Referenced Data

Philipp vom Berge, IAB

Achim Schmillen, The World Bank

Using an event study approach and a novel data set that links administrative information on German establishments with exact distance measures from geo-referenced address data, we analyze the net effects of mass layoffs on local employment. We find that indirect local spillover effects significantly attenuate mass layoffs' direct impacts on municipal-level employment. Eighteen percent of the one-year direct employment loss due to a mass layoff event is absorbed within the same municipality. Indirect effects are especially pronounced very close to the mass layoff site; the majority of the absorption is concentrated within a 1,000-meter radius. There is little evidence of effects on employment beyond the affected municipality.

The stratification of economic insecurity after a career interruption over individuals' life courses

Filippo Gioachin, University of Trento, Italy

Paolo Barbieri, University of Trento, Italy

The economic insecurity resulting from a job loss has always been a major concern in the social sciences (Brand, 2015; Western et al., 2012), especially in times of recession. Today, the compound of labour market deregulation (Barbieri & Cutuli, 2016), labour market transformation (Acemoglu & Restrepo, 2017; Autor & Salomons, 2018; Goos, Manning, & Salomons, 2014) as well as the upcoming marketshock due to the pandemic emergency are increasingly destabilising workers' security prospects (Mills et al., 2006; Oesch, 2013). While much is known on short- and long-lasting negative impacts of such negative labour market transition (Ehlert, 2013, 2016; Fackler & Weigt, 2017; Upward & Wright, 2019; Voßemer, 2019; Voßemer & Schuck, 2016), scholars often overlooked the inequality among social groups – and especially social classes – in terms of life-course trajectories, risks, and consequences of negative events. Overall, this paper contributes to the understanding of social inequalities, and particularly economic insecurity, by converging the stratification literature within the studies of individual life-courses.

The effectiveness of training programmes for the unemployed

Martina Bazzoli, FBK-IRVAPP

Silvia De Poli, jrc-Seville

Enrico Rettore, FBK-IRVAPP and University of Padova

Antonio Schizzerotto, FBK-IRVAPP and University of Trento

In recent years, there has been a growing demand for interventions in support of employment – such as, for example, training courses targeted on the unemployed. However, given the economic crisis and the deterioration of public expenditure, it is imperative for the public authorities to focus on the most effective support measures to ensure tangible benefits and the efficient use of taxpayer's money. This paper complements the empirical literature on the impact evaluation of training courses (Kluve 2010; Card et al. 2015). We focus on long vocational training courses for unemployed people implemented in the province of Trento in 2013 and 2014. We find a

positive impact on the probability of being employed one year after the programme, but this effect disappears after 18 months. Therefore, there is an effect only in the short period.

5:00 p.m. Session 3: Education

Impact of universities in a flat hierarchy: Do degrees from top universities lead to a higher wage?

Jakob Schwerter, School of Business and Economics, University of Tübingen

The literature shows a wage premium for graduates from high quality, elite, or more selective universities. The results, however, exist for countries with a clear hierarchy of top universities, such as the US, England, and Australia. I evaluate if such an effect also exists in Germany, a country in which universities are top-performing in some but not necessarily all fields. Further, the general differences between universities are smaller compared to, for example, the US. I use the University Ranking of the Quacquarelli Symonds and a revealed preference and acceptance ranking to measure the quality of a university. Both rankings show a wage premium in IV regression in-between five and 13 percent. This effect is specially prevalent for women.

International Students at German universities: The transition to student employment and its effect on study achievement and study progress

Theresa Thies, Bayerisches Staatsinstitut für Hochschulforschung und Hochschulplanung (IHF), München

An increasing amount of international students are immigrating to Germany to study at a German higher education institution. Most of the students are financed by parental support, employment, or own savings. Previous research about the transition to paid student employment and its effect on academic outcomes is broad with different results.

However, not much is known about the effect of student employment for international students. Furthermore, previous research struggles to account for the selection-into-employment mechanisms. This study explores using hybrid models whether the transition to paid student employment and different dimensions of employment (e.g., study-related employment, employment hours) affect the semester grade and the share of achieved ECTS points. The study shows, using the first four semesters of a longitudinal study of international students in Germany (N=1268), that employed international students have, on average, better semester grades than non-employed students. When estimating the within-student-effect, it is demonstrated that the transition to first student employment and different employment dimensions does not cause a change in semester grades. However, a transition to employment and higher employment intensities decrease the share of achieved credit points (ECTS).

No Pass, No Drive Policies Reduce Black-White Teen Employment Gaps

Kendall Kennedy, Mississippi State University

Danqing Shen, School of Economics, Shandong University

This paper studies the effects of No Pass, No Drive policies on black-white employment differentials in teen labor markets. "Enrollment-based" No Pass, No Drive policies exist in 20 US states, and require that teenagers under the age of 18 enroll in and attend school in order

to legally possess a driver's license. Previous research has shown these policies increase school enrollment and deter dropouts. However, we find that these policies increase black teen part-time employment by 4.6 percentage points. This increase in black teen part-time employment does not come at the expense of white teen employment, but rather from a short-term reduction in part-time employment for young adult high school dropouts, and a long term reduction in part-time employment for young adult high school graduates.

Segregation in Schools

Beatrix Eugster, University of St. Gallen

Following the UN Convention on the Rights of the Child in 1989 and the UNESCO Salamanca Statement in 1994, countries worldwide have adopted more inclusive education practices. Identifying the effect of inclusive education for students at the margin of being segregated into special classes or special schools is challenging. This paper exploits two major political decisions, namely the expansion of segregation in 1993 and the following restriction in 1995 in a large Swiss state. To find out if segregation in schools hinders inclusion in the labor market, we follow children through their school and early labor market career to study the long-term effect of segregation on earnings and the receipt of unemployment and disability benefits. Being exposed to an expansion of segregation increases actual segregation by 6 ppt or more than 50%. This leads in turn to a strong reduction in earnings for the affected individuals, partially compensated by an increase in disability benefits but not unemployment benefits.

6:00 p.m Session 4: Job-Search and Wages

Does Online Search Improve the Match Quality of New Hires?

Nicole Gürtzgen, IAB, University of Regensburg, ZEW

Benjamin Lochner, University of Erlangen-Nürnberg, IAB

Laura Pohlen and Gerard, ZEW, IAB

J. van den Berg, University of Bristol, University of Groningen, IFAU, IZA, ZEW and CEPR

This paper studies the effects of the high-speed internet expansion on the match quality of new hires. We combine data on internet availability at the local level with German individual register and vacancy data. Results show that internet availability moderately increases the stability of new matches but has no impact on wages. We confirm these findings using vacancy data, by explicitly comparing match outcomes of online and non-online recruits. Further results show that online recruiting not only raises the number of applicants and the share of unsuitable candidates per vacancy, but also induces employers to post more vacancies.

Do nurses really not care about wages? Evidence from career choice

Philipp Kugler, Institut für angewandte Wirtschaftsforschung, Tübingen

In light of skilled-labor shortage in nursing, the effect of a change in the wage of nurses on their labor supply is heavily discussed in recent literature. Most often, results show a wage elasticity close to zero. Hence, it is often concluded that nurses are not responsive to a change in their wage and that policy-makers should focus on non-monetary factors to increase labor supply. Using extensive data about former German 9th graders, I analyze the role of the expected wage to become a nurse. To estimate a causal effect, I select controls using the double lasso procedure. Concerning omitted variable bias, I assess the sensitivity of the results using a novel approach that describes the minimum strength that unobserved confounding would need to have to change the conclusion. I show that the expected wage plays a positive and statistically significant role in the decision to become a nurse. Further, nurses give as much weight to economic factors as others. I find evidence that expected wage of a nurse is systematically underestimated by those who do not become a nurse. Hence, nursing is less competitive in career decisions compared to other occupations. Both increasing the wage and informing on the wage might be successful strategies to make nursing more attractive compared to other occupations.

TUESDAY, 8. SEPTEMBER 2020

9:15 a.m. Session 5: Institutions & Employment

The income protection role of an unemployment insurance for the EMU: the case of atypical workers

H. Xavier Jara, Institute for Social and Economic Research (ISER), University of Essex
Agathe Simon, Université de Strasbourg

This paper evaluates the potential effect of a common unemployment benefit scheme for the Economic and Monetary Union (EMU-UI) in terms of income protection of workers. We explore those effects for current workers in case they become unemployed, with a focus on the specific case of atypical workers namely part time and temporary contract workers comparing them to all in-work. Using the European tax-benefit microsimulation model EUROMOD, we simulate a transition from work to unemployment for all workers, as well as atypical workers. We analyse their potential entitlement to national UI systems and compute households' disposable income before and after their transition in order to analyse the accessibility and the generosity of UI national systems. As a counterfactual scenario, we simulate the introduction of a common EMU-UI and compare the performance in terms of protection of income with national UI systems. Our results show that there is sizable gap in terms of coverage between countries due to the heterogeneity of eligibility conditions. We found that coverage rates of national systems are particularly low among atypical workers. The introduction of an EMU-UI would reduce the gap in terms of coverage rate, especially for part-time and temporary contract workers, it would also increase net replacement rate especially for atypical workers, as well as protect a significant part of workers against the risk of poverty.

Entitled to leave: the Impact of Unemployment Insurance Eligibility on Employment Duration and Job Quality

Laura Khoury, NHH Norwegian School of Economics

Clément Brébion, CEET-CNAM and Paris School of Economics

Simon Briole, Paris School of Economics and JPAL Europe

Entitlement conditions are a little explored dimension of unemployment insurance (UI) schemes. In this paper, we provide a comprehensive evaluation of a reform that softened the minimum employment record condition to qualify for UI benefits in France after 2009. Using administrative panel data matching employment and unemployment spells, we first provide clear evidence that the reform induced a separation response at the eligibility threshold. It appears both at the micro level – through a jump in transitions from employment to unemployment – and at the macro level – through the scheduling of shorter contracts, in line with the new eligibility requirements. Exploiting the reform as well as relevant sample restrictions, we then estimate the effects of receiving UI benefits on subsequent labour market outcomes using a regression discontinuity design. Our findings point to a large negative impact of UI benefits receipt on employment probability up to 21 months after meeting the eligibility criterion, which is not counterbalanced by an increase in job quality.

International Trade, Intellectual Property Rights and the (Un)employment of Migrants

Lucas Guichard, IAB

Ignat Stepanok, IAB

We study the effect of trade liberalization and intellectual property rights (IPR) protection on the unemployment rate of migrants relative to non-migrants. We build a North-South trade and growth model with a positive steady state rate of migration. We find that bilateral trade liberalization decreases the relative unemployment rate of migrants when migration is low and increases the relative unemployment rate when the migration rate is high. The results do not rely on assumptions about network effects, the probability to find a job for a migrant is independent of the size of the migrant diaspora. IPR protection leads to a higher relative unemployment

rate of migrants regardless of the size of migration. We empirically test and confirm the theoretical predictions on trade liberalization and IPR protection using data for 20 OECD countries over the period 2000-2014.

10:00 a.m. Session 6: Social Mobility & Poverty

The impact of vocational specificity of training occupations on status mobility during the early career

Miriam Grønning, Swiss Federal Institute for Vocational Education and Training (SFIVET)

This paper addresses the mechanisms leading to vertical status mobility during the early career. It compares the level of vocational specificity of vocational education and training (VET) programmes and examines how these differences affect VET diploma holders' status mobility in their early careers, a topic that has hitherto received little attention. Theoretically, the paper assumes that the specific training and general education of the training programme determine status mobility by influencing diploma holders' productivity level and thus their mobility chances. The multinomial logistic regression analyses are based on a combination of detailed occupation-level data on the specificity of training occupations and individual-level data from the longitudinal dataset "Transitions from Education to Employment" (TREE). The results show that practical education prevents VET diploma holders from downward mobility at labour market entry. In the longer run, general education is decisive for upward mobility.

Labor Market Polarization and Intergenerational Mobility: Theory and Evidence

Jan-Luca Hennig, Trinity College Dublin

In this paper I investigate the causal relationship between labor market polarization and intergenerational mobility, two of the most important features of advanced labor markets in recent decades. The former relates to the disappearance of middle-wage routine jobs and the rise of both high-

and low-income jobs. The latter measures the cross-generational link between the income of parents and that of their children. To understand the implications of polarization on economic mobility, I develop a theory building on existing models on labor market polarization, spatial heterogeneity and intergenerational mobility.

Specifically, I incorporate both the three-factor setting of the task-based approach and extreme-skill complementarity into an overlapping generations model, which models education choice as a function of parental bequests and future wages. The model predicts that larger regions demand more capital and thus experience stronger labor market polarization. This leads to lower rates of upward intergenerational mobility for children from low-income parents. I take the predictions of the model to the data for the United States. Empirical analyses support the predictions of the model.

Job insecurity and material deprivation

Martin Friedrich, IAB

Nils Teichler, IAB

Measures of material deprivation have become increasingly popular as a complement to a monetary operationalization of poverty because they afford a direct assessment of a household's living standard rather than relying merely on income as a proxy (Nolan & Whelan, 2010). Most research on this topic to date is descriptive, comparing poverty rates and trends based on income cut-offs versus material deprivation indices (see, e.g., Kus et al., 2016). In contrast, the evidence on the causes of material deprivation is scarce (Berthoud & Bryan, 2011). We extend the existing literature by studying the role of job insecurity for material deprivation. Our contribution is to isolate the role of insecurity per se from the effect of low income that may be correlated with precarious employment.

1:15 p.m. Session 7: Skills, Occupational Mobility & Technical Change

Automation, Offshoring, and the Role of Public Policies

Bernhard Schmidpeter, RWI – Leibniz-Institut für Wirtschaftsforschung
Rudolf Winter-Ebmer, IZA, Institute for the Study of Labor

We provide comprehensive evidence on the consequences of automation and offshorability on the career of unemployed workers and the role of public policies. Using almost two decades of administrative data for Austria, we find that risk of automation is reducing the job finding probability; a problem which has increased over the past years. We show that this development is associated with increasing re-employment wages and job stability. Taken together, our findings imply a tradeoff between quantity and quality in these jobs. Provided training is beneficial in counteracting the negative impact of the risk of automation on the job ending rate but we find mixed effects in terms of post-unemployment wages.

Specialists or Generalists? Cross-Industry Job Mobility and Occupational Wages

Justine Herve, Fordham University

This paper investigates low cross-industry job mobility of low and middle-wage occupations, and its consequence, higher industrial concentration of employment (HHI), as a new factor contributing to wage suppression in low and middle-wage American labor markets. I first present empirical evidence documenting the negative effect of HHI on workers in low and middle-wage occupations. To study the policy implications of these findings, I use a general equilibrium two sector on-the-job search model simulating the effect of cross-sectoral job mobility/skill transferability on industrial concentration of employment and on the distribution of wages and wage-productivity gaps across and within industries. The model confirms the empirical observation that an increase in between-sector job mobility rates for workers in the less productive sector not only increases wages in that sector but in all sectors. It additionally decreases both aggregate wage inequality and the wage-productivity gaps in all industries. Drawing on the model's results, I assess the effect of Career and Technical Education (CTE)

Programs - an educational policy encouraging the training of "career-oriented" skills transferable across industries – on the HHI index and wages. I find that a one standard deviation increase in CTE enrollment decreases industrial concentration of employment, and ultimately increases wages by 8.3 percent. My results suggest that policies fostering occupational skill transferability and thus cross-sectoral mobility may be welfare improving for workers in low wage occupations.

When Do Nurses Leave Their Profession? Duration of Employment in Occupations Under Skill Shortage

Martin Kroczek, Institut für angewandte Wirtschaftsforschung, Tübingen

A large share of nurses leaving their occupation early, is often considered one of the major reasons for the shortage of nurses in Germany and other countries. Yet, the literature on factors associated with nurses' decision to leave their occupation is scarce. I use survival analysis methods to identify factors associated with nurses' decision to leave their occupation. In my main estimation, I estimate a piecewise constant hazards model with gamma distributed frailty. I employ the weakly anonymous Sample of Integrated Labor Market Biographies 1975-2014 combined with information on regional characteristics. Independently from the different nursing occupations and care settings (inpatient and outpatient care) young nurses, nurses in the social sector and nurses working with a small employer leave their occupation more often than their respective counterparts. Furthermore, nurses leave more often where regional outside options are better, and previously unemployed nurses as well as nurses who reenter nursing from a different occupation have a higher probability of leaving the occupation, whereas nurses who have just finished vocational training have a lower propensity to leave.

Effects of vertical and horizontal occupational mobility on subjective well-being

Dominik Becker, Federal Institute for Vocational Education and Training (BIBB)
Steffen Hillmert, University of Tübingen

Individual subjective well-being (SWB) constitutes an important subject for a variety of academic disciplines because of both its theoretical implications and its empirical relevance. Conceptually, individual SWB – measured by individual satisfaction with life as a whole or with different domains and aspects of life such as work or health – can be regarded an intuitive measure of individual utility. Regarding the consequences of SWB, it has been repeatedly observed that higher values of SWB are associated with several desired life-course outcomes such as work productivity, social contacts, and general level of activity and energy.

Do Recruiters Select Skilled Workers with Different Personality Traits for Different Tasks? A Discrete Choice Experiment in Firms

Harald Pfeifer, Federal Institute for Vocational Education and Training (BIBB), Research Centre for Education and the Labour Market (ROA) Maastricht

Different tasks need different skills. This definitely holds for vocational skills (Geel et al. 2011), but does it also hold for non-cognitive skills. While the economic literature on job tasks and non-cognitive skills has been thriving in the past decade, little is known about their interrelation. With the exception of a few studies (e.g. Mount et al. 1998), research is largely silent about which tasks require which kind of non-cognitive skills.

In this study, we explore whether firms recruit workers with different non-cognitive skills for different tasks. We focus on personality traits as a sub-component of non-cognition, as discussed in Borghans et al. (2008). We conduct a stated choice experiment among recruiters of 1128 firms in Germany that hire skilled workers. Recruiters are asked to choose between job applicants who differ in seven aspects: Professional competence, the 'Big Five' personality traits and the wage they demand.

WEDNESDAY, 9. SEPTEMBER 2020

9:15 a.m. Session 8: Poverty in the EU

Escaping poverty in Europe: Good jobs, good contracts, or good economies?

Jonathan Latner, University of Bamberg

We examine the relationship between employment contract (temporary vs. permanent) and poverty exit. Previous research has shown that a temporary contract is associated with an increased risk of poverty, but the other side of the story remains unexamined. Does a permanent contract represent a pathway out of poverty? Our analysis applies a linear probability model with individual level fixed effects on longitudinal data from 10 European countries in four distinct welfare states. The results suggest that moving into a permanent contract increases the probability of a transitory poverty exit, but has no effect on a permanent exit from poverty, relative to remaining employed with a temporary contract. Changes in country-level, economic conditions are a more important determinant of poverty exit than individual-level changes in employment and family life. The results are consistent across all countries and welfare states. Our findings contribute to broader empirical, theoretical, and policy related questions.

Dynamics of in-work poverty in EU with an investigation of true state dependency

Stefani Scherer, Trento University

Employment remains among the most important factors to protect individuals and their families from economic poverty. However, recent years have witnessed an alarming increase of in-work poverty (IWP), thus of being poor notwithstanding employment. This paper investigates trends and determinants of in-work poverty in Europe, using EU-SILC data for the period 2004-2015. The contribution is threefold. First, we provide an analysis of the risk and the persistence of IWP for different social groups and household employment patterns and discuss potential implications for social stratification dynamics. Second, we look into the (causal) dynamics of poverty and test for the presence of genuine state dependence (GSD) and the role of

unobserved heterogeneity in shaping the accumulation of economic disadvantages over time. Third, we adopt a comparative perspective across countries (and time periods) analysing how different institutional features affect exposure to and dynamics of economic disadvantages. We show that one income is often no longer enough to keep families out of poverty and thus confirm the importance of a second earner, and the need to have at least one non-low-pay sources of income. This is particularly true for Europe's South and for the less privileged social groups. We find no evidence for GSD, which comes with important implications to combat poverty in terms of activation policies, rather than through transfers. Finally, notwithstanding different levels of exposure to and "stickyness" of IWP, the drivers turn out to be pretty similar across European countries.

9:45 a.m. Session 9: Retirement 1

Employees in demanding jobs do not need early retirement programs designed for them

Johannes Geyer, German Institute for Economic Research (DIW)

Svenja Lorenz, University of Würzburg

Mona Pfister, University of Würzburg

Thomas Zwick, University of Würzburg, Centre for European Economic Research (ZEW) Mannheim, Research Centre for Education and the Labour Market (ROA) Maastricht

Workers in demanding jobs may be particularly negatively affected by an increase in the legal retirement age. We exploit a pension reform that increased the early retirement age of women from 60 to 63 years in Germany. We use a large administrative social security data set and exploit the quasi-natural experiment by using linear regression discontinuity models. We find that the relative employment increase of about 25% in the age group 60-63 after the reform is the same for women in low and in high demand jobs. In addition there were no substitution effects into the bridge options unemployment and partial retirement, into the disability or work inability pension or inactivity. Early retirement programs demand a high labor market attachment especially during the last career years – this eligibility rule induces a healthy worker effect that selects old workers in demanding jobs into early retirement programs who could extend their working life. Politicians who want to cushion workers in demanding jobs against the negative consequences of an increase in statutory retirement age should improve eligibility and pension claim rules in disability and work inability pensions

instead of offering them early retirement options with traditional eligibility rules.

11:00 a.m. Session 10: Parenthood

Parental Leave Reform and Long-run Earnings of Mothers

Corinna Frodermann, IAB

Katharina Wrohlich, German Institute for Economic Research - DIW

Aline Zucco, Hans-Böckler-Stiftung

Paid parental leave schemes have been shown to increase women's employment rates but decrease their wages in case of extended leave durations. In view of these potential trade-offs, many countries are discussing the optimal design of parental leave policies. We analyze the impact of a major parental leave reform on mothers' long-term earnings. The 2007 German parental leave reform replaced a means-tested benefit with a more generous earnings-related benefit that is granted for a shorter period of time. Additionally, a "daddy quota" of two months was introduced. To identify the causal effect of this policy on long-run earnings of mothers, we use a difference-in-difference approach that compares labor market outcomes of mothers who gave birth just before and right after the reform and nets out seasonal effects by including the year before. Using administrative social security data, we confirm previous findings and show that the average duration of employment interruptions increased for high-income mothers. Nevertheless, we find a positive long-run effect on earnings for mothers in this group. This effect cannot be explained by changes in working hours, observed characteristics, changes in employer stability or fertility patterns. Descriptive evidence suggests that the stronger involvement of fathers, incentivized by the "daddy months", could have facilitated mothers' re-entry into the labor market and thereby increased earnings. For mothers with low prior-to-birth earnings, however, we do not find any beneficial labor market effects of this parental leave reform.

A “potential motherhood” penalty? A lonitudinal investigation of labour market discrimination in Britain and Germany

Anna Zamberlan, University of Trento

Paolo Barbieri, University of Trento

Understanding which is the reason – or which are the concomitant and interacting reasons – for the observed gender inequalities in the labour market is of crucial importance, especially if the aim is to inform policymakers. Differences due to ascriptive characteristics, such as gender, are usually pointed out as unfair and are, in some cases, addressed through active policies. Nevertheless, the debate around the origin on the existing gender gaps is still open. Moreover, empirical findings are mixed: estimates significantly vary depending on the data and methods used, and the explanatory narrative vary accordingly.

Long-run effects of wage subsidies on maternal labor market outcomes

Mathias Collischon, Friedrich-Alexander-Universität Erlangen-Nürnberg

Kamila Cygan-Rehm, Friedrich-Alexander-Universität Erlangen-Nürnberg

Regina T. Riphahn, Friedrich-Alexander-Universität Erlangen-Nürnberg

We use rich and precise administrative data to study the causal effect of subsidized employment on first time mothers' labor market outcomes up to 8 years after the birth. We apply propensity score matching combined with an event study design to determine the causal effects of taking up a subsidized Minijob after a first birth. We compare this employment choice to similar but unsubsidized, i.e., regular employment. Our results indicate that mothers who take up Minijob employment after a first birth are significantly less likely to be regularly employed and earn significantly lower wages even 8 years after the birth. The high rate of Minijob employment among first time mothers after the birth drives a substantial share of the child penalty of German mothers.

Competition and Career Advancement: The Hidden Costs of Paid Leave

Julian Johnsen, SNF - Centre for Applied Research at NHH,
Hyejin Ku, University College London
Kjell G. Salvanes, Norwegian School of Economics

Taking parental leave may affect workers' careers, either through loss of human capital or losing out against non leave-taking coworkers. Using Norway's 1993 policy reform that exogenously assigned new fathers to 4 weeks of fully paid paternity leave, we suggest a novel strategy to distinguish between the two channels. Focusing on the effect of the reform on the focal father's competitors rather than on himself, we provide strong support for the competition effect over the skill loss effect. In particular, when the policy pushes a larger share of his competitors to take leave, the focal father enjoys a better post-child earnings trajectory than would otherwise have been the case. Given the strong gender asymmetry ubiquitous in child- and family-related leave, the competition effect uncovered here suggests that mandated paternity leave may play a significant role in narrowing the within-firm gender earnings gap emerging especially after the birth of a child.

1:00 p.m. Session 11: Migration

Strangers in the night. Should we really be scared by migrant workers?

Chiara Ardito, University of Torino and LABORatorio R. Revelli
Fabio Berton, University of Torino, CIRET, IZA and LABORatorio R. Revelli
Sara Origlia, University of Torino
Lia Pacelli, University of Torino and LABORatorio R. Revelli

The aim of this paper is to assess the causal impact of foreign labor supply shocks to net employment change and to workforce composition. In order to do that, we take advantage of the rules governing legal workers' flows in Italy, where each year the Ministry of Domestic Affairs sets an overall quota of migrants awarded to applicant employers on the basis of a first-come, first-served rule. By propensity-score-matching observed successful applicants to the other potential employers and through the use of an unmatched combination of different administrative data sources, we find

that, instead of being substitutes as often assumed in the debate, native and migrant workers are complements: the arrival of migrants, indeed, enhances net employment flows of domestic workers by 3 to 5 percentage points, with a stronger effect upon the middle-aged and low-educated.

To work or to study? Immigrants' educational investments after migration and its social selectivity – evidence from a choice experiment among adult refugees in Germany

Andreas Damelang, Friedrich-Alexander University Erlangen-Nürnberg
Yuliya Kosyakova, IAB

After migration, immigrants can either opt for employment or invest into host-country specific human capital. Investing first and entering the labor market later is a viable strategy, especially if the transferability of foreign human capital (Chiswick und Miller 2009; Friedberg 2000) and of foreign degrees (Damelang et al. 2019; Lancee and Bol 2017) is limited. Nevertheless, most immigrants try to enter the labor market following migration and only few enroll in adult education programs and invest in formal qualifications in the host country (Bilger 2006). Consequently, empirical evidence shows a consistent pattern in host countries. In relation to natives, immigrants have a higher unemployment rate, and if they manage to find employment, their wages and their status positions are lower (OECD 2017). Immigrants' labor market penalties arise from the fact that employers always prefer native-educated applicants to foreign-educated applicants, *ceteris paribus* (Damelang and Abraham 2016).

In this paper, we question why immigrants do not invest in human capital after migration despite their limited labor market opportunities. Educational investments after migration can reduce immigrants' labor market penalties. For immigrants who do not invest in formal education, the economic integration process will remain difficult. Accordingly, different investment behavior can lead to social inequality within the immigrant group.

The Impact of Immigration on Workers Protection

Adam Levai, IHRES, Université catholique de Louvain

Riccardo Turati, IHRES, Université catholique de Louvain

Can immigrants influence the labor law regulation in the destination country? Even though the current literature treats labor market institutions as exogenous to the size and composition of migration population, we find evidence that migrants impact the labor market regulations by bringing their own "institutions" in the destination countries over the long-run. Using a sample of 70 developed and developing countries from 1970 to 2010, we build a new measure of workers protection index using factor analysis of 36 variables documenting labor law regulation across five dimensions: forms of employment, working-time regulation, dismissal regulation, right of unionisation and strike. In a dynamic panel setting using both internal and external instruments, we find that migrants impact the destination countries' workers protection mainly through the "epidemiological" channel, that is the level of workers protection standards experienced in their country of origin. The results are robust to alternative and competing immigration effects such as diversity, polarization and skill-selection. We provide evidence that the effects are particularly strong on the rights of unionisation and on the protection of more flexible employment forms. This paper points out immigrants participation to unions as one of the potential mechanisms. Finally, once back-of-the-envelope simulations based on the estimates are done over the 1970-2010 period, immigration reduces, on average, destination countries' workers protection.

1:45 p.m. Session 12: Retirement 2

Women and retirement transition: changes in psychological well-being before and after the exit from the labor market according to different working histories

Elisa Tambellini, University of Bologna

The transition from work to retirement is an important event in later life. The way individuals adapt to retirement has been focus of interest for researchers in various scientific disciplines, such as epidemiology, psychology and sociology. The nature of retirement has changed enormously over the past few decades. Until 1960, retirement was generally considered a

"crisis" event, creating a challenge to personal well-being (Van Solinge & Henkens, 2008). Nowadays, retirement is commonly seen as a new phase of life which offers opportunities for the development of new identities, roles and lifestyles (Mein et al., 2003; Wang, 2007). The results show that the transition to retirement exerts a positive effect on the self-perceived well-being for women in all the career pathways.

The division of paid and unpaid labour in the shadow of divorce: The impact of the 2008 alimony reform in Germany

Stefanie Heyne, Ludwig-Maximilians-Universität München
Gundula Zoch, Leibniz-Institut für Bildungsverläufe

Although female employment has increased tremendously in most western countries, women continue to leave their job or significantly reduce their working hours after childbirth while at the same time performing large shares of domestic work (e.g. for Germany Grunow et al 2012, Kühhirt 2012, Nitsche and Grunow 2016). From a life course perspective, this has a considerable impact in short term but also on mothers' long term economic positions. Longer employment interruptions and the predominance of part time employment among mothers lead not only to a loss in current income, but also tend to place women on a permanently lower career and income trajectory, resulting in wage and pension inequalities compared to men and childless women (e.g., Aisenbrey, Evertsson and Grunow, 2009; Budig, Misra and Boeckmann, 2015). This study is the first to examine whether the recent alimony reform in Germany has altered the previously observed re-traditionalization of the division of labour among couples after childbirth. It contributes by testing widely applied bargaining approaches in the context of an alimony reform and, thus, extends the literature on the gendered division of unpaid and paid labour as well as on the impact of employment oriented family policy reforms.

Thank you for your participation.