



## Bachelor - Modul (SS 2017) in Empirical Labour Economics

The bachelor seminar serves as a preparation for the bachelor thesis which is written directly after the seminar. During the processing period, students are expected to write an exposé of their bachelor thesis and to present it at the seminar. The aim of the seminar and of the bachelor thesis is to enable students to conduct an empirical analysis applying the statistical and econometric skills obtained throughout the bachelor program.

### Contact:

Prof. Dr. Thorsten Schank ([schank@uni-mainz.de](mailto:schank@uni-mainz.de))

Dr. Alexander Mosthaf ([mosthaf@uni-mainz.de](mailto:mosthaf@uni-mainz.de))

### I. Requirements

While knowledge from the obligatory lectures *Statistik I*, *Statistic II* and *Empirische Wirtschaftsforschung* is required, further statistical skills are not necessary. Instead, general interest in statistics and empirical economics and the willingness to conduct an own empirical analysis as well as basic knowledge of Stata (or a related package) are essential. **Please note that the seminar will be held in English.**

### II. Topics

Students are expected to investigate empirically the following topics, based on the cited references:

### 1. Does it pay off for men to marry?

In many studies it was found that married men earn on average higher wages than unmarried men. However, it is not clear, why this differential arises. On the one hand, employers might prefer married men because they expect them to have better characteristics (for example, to be more reliable). On the other hand, high-wage earners might be more attractive on the marriage market.

Using OLS regressions, students estimate wage differences between married and unmarried men. Thereafter, Fixed Effects regressions are estimated to analyze how wages change if a person marries.

Chun, H., Injae, L. (2001), Why do married men earn more: Productivity or marriage selection? *Economic Inquiry*, Vol. 39(2), 307-319.

Antonovics, K., Town, R. (2004), Are all the good men married? Uncovering the sources of the marital wage premium. *American Economic Review Papers and Proceedings*, Vol. 94(2), 317-322.

### 2. Do the working poor stay poor?

In the last decade, the proportion of low-wage earners in Germany has grown significantly whereas the proportion of unemployed workers has decreased. In order to judge about this development, it is important to know if being a low-wage employee is permanent or if there are chances to move to better paid jobs.

In a first step, the seminar thesis describes descriptively short-term and long-term transition probabilities between low-wage employment, middle-wage employment and high-wage-employment. In a second step, Logit models are applied to identify characteristics which improve chances to obtain a better-paid job.

Mosthaf, A., Schnabel, C., Stephani, J. (2011), Low-wage careers: Are there dead-end firms and dead-end jobs? *Journal for Labour Market Research*, 43(3), 231-249.

Stewart, M. B. and Swaffield, J. K., (1999), Low pay dynamics and transition probabilities, *Economica* 66, 23-42.

### 3. Part-time work and job satisfaction of women.

A large part of the female labor force in Germany is working part-time. The prevalence of part-time work is ambivalent. On the one hand, a lot of women work voluntarily part-time and would not participate in the labor market if the possibility of working part-time would not exist. On the other hand, working part-time decreases career prospects of women compared to working full-time. The latter may be explained by a lower job quality of part-time jobs compared to full-time jobs.

The seminar paper analyzes descriptively which share of female workers is affected by working hours mismatch, distinguishing between women working part-time and women working full-time. OLS or Probit regressions are used to estimate the relationship between working hours and the probability of wanting more or wanting less working hours for women (Booth, van Ours, 2013, p. 275 f.). Furthermore, OLS and Fixed Effects regressions are used to estimate the relationship between working hours and job and life satisfaction.

Booth, A., van Ours, Jan C. (2013), Part-time jobs: what women want? *Journal of Population Economics* 26(1), 263-283.

Clark, A. (1996), Job satisfaction in Britain, *British Journal of Industrial Relations* 34, 189-217.

### 4. The wage penalty of part-time jobs and temporary jobs.

The share of part-time jobs and temporary jobs has grown in Germany in the last decades. While part-time work allows more flexibility both for the worker and the employer, temporary jobs mainly allow more flexibility for employers. Additionally, employees can be screened when they have a fixed term contract before they get a permanent contract. The economic literature has often argued that part-time jobs and temporary jobs are jobs of low-quality and incur lower wages than permanent full-time positions. The seminar thesis uses OLS and Fixed Effects wage regressions to estimate the wage penalty of part-time jobs and temporary jobs. As the number of men working in part-time positions is low, the analysis is restricted to women.

Kranz-Fernandez, Daniel, Rodriguez-Planas, Nuria (2011), The part-time pay penalty in a segmented labor market, *Labour Economics* 18(5), 591-606.

Manning, A., Petrongolo, B. (2008), The part-time pay penalty for women in Britain, *The Economic Journal* 118, F28-F51.

## 5. Gender differences in training participation.

The economic literature has often found that women invest less in work related training than men because they anticipate career breaks for childbearing, reducing the returns to training. As possibilities for childcare have improved in the last years, career breaks have become shorter which should lead to higher investments of women in further training. The seminar paper analyzes gender differences in the probability of participating in training measures and focusses on differences between cohorts. It uses OLS and Fixed Effects regressions and interactions between a gender dummy and dummy-variables indicating the birth cohort.

Arulampalam, Wij, Booth, Alison L., Bryan, M. L. (2004), Training in Europe, Journal of the European Economic Association 2(2-3), 346-360.

Borjas, J. (2010), Labor Economics, Fifth Edition, Mc Graw Hill, Boston, Chapter 6 (the relevant parts).

## 6. The relationship between body weight and wages.

There are several reasons why there may be a correlation between wages and body weight. Weight may be related to health and therefore to productivity which directly affects wages. On the other hand, there might be unobserved characteristics which determine both, body weight and wages. Furthermore, there might be discrimination with respect to body weight. Obese individuals might experience a wage penalty.

The seminar thesis applies OLS and Fixed Effects regressions to estimate the relationship between body weight and wages. Different assumptions between the functional form of the relationship are tested. Students are expected to apply the RESET-test and the Davidson-MacKinnon test to choose the functional form. Alternatively, spline regressions may be used to model the relationship between body weight and wages.

Baum & Ford (2004), The wage effects of obesity: A longitudinal study, Health Economics 13(9), 885-899.

Greene, W. H., Econometric Analysis, Sixth Edition, Pearson Prentice Hall, Boston, 111-112.

Wooldridge, J (2011), Introductory Econometrics. Fourth Edition, Cengage Learning, London, Chapter 9.

### III. Organisation of the Seminar

Date	Location	
Tuesday 30.05.2017 10.00 – 12.00	HS IX	Introduction of the topics, topic assignment and beginning of the processing period
Sunday 25.06.2017 23:59		Deadline of submission of the exposés via e-mail to <a href="mailto:sekretariat.schank@uni-mainz.de">sekretariat.schank@uni-mainz.de</a> . Please submit (the next day) a printed version at the Pedelloge (ReWi-1 building)
Thursday 29.06.2017 09.00 – 18.00	RW 6	Presentations of the exposés
Friday 30.06.2017		Beginning of processing time of bachelor thesis
Friday 25.08.2017		Deadline of submission of the bachelor thesis; two printed versions and an electronic version at the Studienbüro. Via e-Mail to <a href="mailto:sekretariat.schank@uni-mainz.de">sekretariat.schank@uni-mainz.de</a>

The attendance of the introductory session (first session) and of the presentation of the exposés is mandatory. In case of non-attendance (without presenting valid reasons to the Exam Office) the seminar will not be passed.

It is possible to apply for the seminar between April 18<sup>th</sup> and April 20<sup>th</sup> via *Jogustine*. Thereafter, Seminars will be assigned to the students by the *Studienbüro*.

The first meeting will take place on Tuesday, May 30<sup>th</sup> in the room HS IX (10.00 – 12.00). During or directly after the first meeting students will be able to indicate their desired topics sorted by prefer-

ences. **Students are asked to bring a current transcript of records (from *Jogustine*) to this meeting or – even better – sent an electronic version beforehand to [sekretariat.schank@uni-mainz.de](mailto:sekretariat.schank@uni-mainz.de).**

All topics will be assigned to groups of two or three students directly after the first meeting. Group members should present their results jointly on Thursday, June 29<sup>th</sup>. However, note that each student writes her / his exposé independently (until June 25<sup>th</sup>). The bachelor thesis will be written in the eight weeks following the seminar (until August 25<sup>th</sup>).