



## Bachelor - Modul (SS 2018) 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:

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### I. Requirements

While knowledge from the obligatory lectures *Statistik I*, *Statistik 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. Wage effects of personality traits in Germany

Heineck (2011) uses the British BHPS to estimate the impact of the Big Five personality traits on wages. He finds that openness to experience has a positive effect on wages whereas agreeableness and neuroticism have negative effects. He also shows that the effects do not change when tenure increases. He estimates simple OLS regressions as well as Panel and IV regressions.

Students are expected to assess if the results obtained for Great Britain also hold for Germany. They estimate Pooled OLS regressions, separately for men and women. In a second step they analyze if the effects depend on tenure.

Heckman, J. J. and Kautz, T. (2012), Hard evidence on soft skills, *Labour Economics* 19, 451-464.

Heineck, G. (2011), Does it pay to be nice? Personality and Earnings in the United Kingdom, *Industrial and Labor Relations Review* 64(5), 1020-1038.

## 2. The relationship between locus of control and health related behavior

Locus of control is a psychological concept which describes the belief of an individual on the impact of own behavior on life outcomes. Individuals with an internal locus of control believe that life outcomes are mainly results of own behavior while those individuals with an external locus of control think that life outcomes are mainly due to external factors such as luck.

Students should analyze the relationship between locus of control and health related behavior. First, based on the information of ten separate items in the SOEP-questionnaire measures of internal and external locus of control should be constructed. Second, students should apply OLS or Probit regressions for the probability of doing sports, for the probability of smoking and for other health related activities. In order to determine the effect of time-varying characteristics like employment status or marriage, students may apply a correlated random-effects estimator to control for time-invariant unobserved variables.

Cobb-Clark, A., Kassenboehmer, S., Schucher, S. (2014), The connection between diet, exercise, and locus of control, *Journal of Economic Behavior & Organization* 98, 1-28.

Heckman, J., Kautz, T. (2012), Hard evidence on soft skills, *Labour Economics* 19, 451-464.

## 3. Unemployment and life satisfaction

Labour market success is known to have an impact on life satisfaction. Kassenboehmer and Haisken-DeNew (2009) highlight that unemployment has significant negative effects on life satisfaction using SOEP data from 1991-2006. This holds for voluntary unemployment, for workers who were dismissed individually as well as for individuals who were dismissed because of plant closures (and hence dismissal is likely to be uncorrelated to the individual's characteristics).

In the seminar thesis, students are expected to run pooled OLS and Fixed Effects regressions to estimate the effect of unemployment on life satisfaction. Using more current SOEP data, they replicate the study by Kassenboehmer and Haisken-DeNew and check whether the results remain valid. Results may have changed because the incidence of unemployment has been reduced since 2009.

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

Kassenboehmer, S., Haiksen-DeNew, J. (2009), You're fired! The causal negative effect of entry unemployment on life satisfaction, *The Economic Journal* 119, 448-462.

#### **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, D., Rodriguez-Planas, N. (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, 28-51.

#### **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, W., Booth, A. 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. Working hours mismatch and job mobility**

Working hours mismatch exists if there is a difference between an employee's preferred number of working hours and the actual working time.

In the seminar thesis, students are expected to analyze descriptively the extent of working hours mismatch in the German population, distinguishing between underemployment and overemployment. In a further step, students should investigate the determinants of working hour mismatch using OLS or logit regressions or possibly multinomial logit regressions. For instance, parents might have more working hour constraints than single persons. Finally, it should be analyzed if working hour mismatch increases job mobility. For that aim, several OLS or logit models or possibly multinomial logit models are estimated for the transition between employment and five labor market states: employment in the same job, within employer mobility, between employer mobility, unemployment, inactivity.

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Böheim, R., Taylor, M. (2004): Actual and preferred working hours, *British Journal of Industrial Relations* 42(1), 149-166.

Borjas, J. (2010), *Labor Economics, Fifth Edition*, Mc Graw Hill, Boston, Chapter 2 (the relevant parts).

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### III. Organisation of the seminar

Date	Location	
Thursday 26.04.2018 10.00 – 12.00	HS VII (Rewi Altbau)	Introduction of the topics, topic assignment and beginning of the processing period
Wednesday 30.05.2018 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 (on the the next working day) a printed version at the Pedelloge (ReWi-1 building)
Thursday 07.06.2018 08.00 – 18.00	HS VII (Rewi Altbau)	Presentations of the exposés
Friday 08.06.2018		Beginning of processing time of bachelor thesis
Friday 03.08.2018		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 16<sup>th</sup> and April 19<sup>th</sup> via *Jogustine*. Thereafter, students will be assigned to the seminars by the *Studienbüro*.

The first meeting will take place on Thursday, April 26<sup>th</sup>. During or directly after the first meeting students will be able to indicate their desired topics sorted by preferences. **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 7<sup>th</sup>. However, note that each student writes her / his expo-



sé independently (until May 30<sup>th</sup>). The bachelor thesis will be written in the eight weeks following the seminar (until August 3<sup>rd</sup>).