



Master Seminar in Empirical Labor Economics Summer term 2017

Topic descriptions:

1. Wage discrimination between natives, first generation migrants and second generation migrants.

It is a stylized fact that migrants earn lower wages than natives in Germany. From economic theory, wage differences might stem from differences in characteristics like human capital or from discrimination.

In a first step, students should estimate wage equations by OLS to determine wage differences between migrants and natives. One focus of the thesis is the comparison between first and second generation migrants. Second generation migrants are usually better off in terms of qualification. However, their labor market outcomes are not substantially better than those of their parents.

In a second step, students are expected to apply a Oaxaca-Blinder decomposition in order to determine which part of the wage differences can be explained by differences in characteristics.

Algan, Y., Dustmann, C., Glitz, A., Manning, A. (2010), The economic situation of first- and second-generation immigrants in France, Germany, and the United Kingdom. *The Economic Journal* 120 (542), 4-30.

Borjas, J. (2010), *Labor Economics*, Fifth Edition, Mc Graw Hill, Boston, Chapter 9.8.

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-

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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. C., Schucher, Stefanie. "The connection between diet, exercise, and locus of control", *Journal of Economic Behavior & Organization*, 98, 1-28.

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

3. Differences in the choice of job search channel and in the probability of finding a job between immigrants and natives.

Differences between natives and migrants are not only observed with respect to wages but also with respect to the probability of finding a job when being unemployed. Again, this may be caused by differences in characteristics such as language skills or by discrimination. Furthermore, differences may stem from a different choice of job search channels (employment agency, friends, job announcements in newspapers etc.) when being unemployed.

Students should estimate differences between natives, first generation migrants and second generation migrants with respect to the probability of finding a job using ols or probit models. Additionally, ols or probit models are used to estimate differences in the choice of job search channels. Finally, it should be judged if differences in the probability of finding a job may be explained by the choice of job search methods.

Algan, Y., Dustmann, C., Glitz, A., Manning, A. (2010), The economic situation of first- and second-generation immigrants in France, Germany, and the United Kingdom. *The Economic Journal* 120(542), 4-30.

Constant, Amelie, Kahanec, Martin, Rinne, Ulf, Zimmermann, Klaus F., Ethnicity, job search and labor market reintegration of the unemployed, *International Journal of Manpower* 72, 753-776.

Weber, Andrea, Mahringer, H. (2008), Choice and success of job search methods, *Empirical Economics* 35(1), 153-178.

4. Why do low-educated workers invest less in further training?

Technological development and changing requirements in jobs require life long learning of employees. The seminar thesis aims to analyze the investment in further training of employees and concentrates on differences between low and high educated workers.

The literature has often found that low educated workers spend less in further training than high educated workers. Fourarge, Schils and de Gris (2013) have shown for the Netherlands that low-educated workers do not have lower returns to further training. However, differences in economic preferences and personality traits explain that they are less willing to participate in further training. In this seminar thesis, students use information from separate items in the questionnaire to construct measures of personality traits and of economic preferences and analyze (using OLS and/or probit regressions) the impact of education, personality traits, and economic preferences on the probability of participating in further training. Furthermore, students use OLS and/or fixed effects regressions with interaction terms between education and further training to investigate differences in returns to training in Germany. Finally, students compare their results obtained from the GSOEP to the results of Fourarge, Schils and de Gris (2013).

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

Fourarge, D., Schils, T., de Grip, A. (2013), Why do low-educated workers invest less in further training?, *Applied Economics* 45(18), 2587-2601.

5. 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.

René Böheim and Mark P. Taylor (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).

6. Gender differences in internal promotions.

Only a small share of management positions in German firms is filled by women – a result of a lower probability of women to get promoted. There are different explanations for lower career chances of women. On the one hand, employers may discriminate. On the other hand, labor supply of women for leading positions

may be lower. The seminar paper analyzes determinants of promotions, thereby focusing on gender differences.

Promotions cannot be identified directly in the GSOEP. In the seminar thesis, students first analyze the employees expectation of being promoted within the next two years using OLS regressions (employees are asked about the probability of promotion) and focus on gender differences. In a second step, students use OLS or probit regressions to analyze the probability of a significant wage increase within two years when staying in the same firm. It will be interesting to see differences between the gender gaps in the expectation of promotion and in realized promotions.

Kunze, Astrid, Miller, Amalia (2014), Women helping women? Evidence from private sector data on workplace hierarchies, IZA Discussion Paper No. 8725.

Booth, Alison L., Francesconi, M., Frank, J. (2003), A sticky floors model of promotion, pay, and gender, European Economic Review 47(2), 295-322.

Timetable:

Date	Location	
Thursday, 19.04.2017 14.00 – 16.00	HS IX	Kick-Off (introduction, organizational issues, assigning topics)
Monday, 19.06.2017 23:59		Deadline for submission of presentation slides and of a preliminary draft of the seminar paper to sekretariat.schank@uni-mainz.de
Friday, 23.06.2017 09.00 – 18.00	HS V (Rewi Altbau)	Presentations of seminar papers
Sunday, 02.07.2017 23.59		Deadline for submission of the final seminar thesis to sekretariat.schank@uni-mainz.de (the print-out can be submitted the next day at the Pedellogge in the ReWi 1 building)

Further information:

We will send before the first meeting an http-address where participants can state their preferences by ranking the topics from 1 (most preferred) to 6 (least preferred), but students can modify their preferences at the end of the introductory meeting. Topics will be assigned (according to the stated preferences) to groups of two or three students directly after the introductory meeting. Students within groups can work together and use a joint do-file in Stata. Group members should also present their results jointly. However, note that each person should write up her/his seminar thesis (**not more than 12 pages** including tables and figures, but without references) independently.

We will supply the data-sets to be used. The main task is to investigate the research topic, using Stata and based on the references above, and to write up the findings in the style of a research paper. Students should discuss (at a minimum) the outline of their paper with their supervisor.

Students need to submit an electronic version of their seminar thesis per e-mail to sekretariat.schank@uni-mainz.de, together with the literature cited in the thesis (except for the papers referenced above), a Stata log-file and a do-file which produces all results reported in the seminar thesis. Students should make sure that the do-file runs through before submission and should also appropriately comment in the do-file which table etc. is produced by which command.

Further formal requirements will be discussed during the introductory meeting. The slides from this introductory meeting will be downloadable from ILIAS. Participants are expected to follow all guidelines listed on the slides.

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