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Gutenberg School of Management and Economics

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Chair of Applied Statistics and Econometrics

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Master Seminar in Empirical Labor Economics
Summer term 2022

Schedule

Date	Location	
Thursday, 28.04.2022 10.00 – 12.00h	HS VII (old ReWi)	Kick-Off (introduction, organizational issues, assignment of topics)
Sunday, 19.06.2022 23.59h		Deadline for submission of presentation slides and a preliminary draft of the seminar paper to sekretariat.schank@uni-mainz.de
Thursday, 23.06.2022 09.00 – 18.00h	Dekanatssaal 03-150 (new ReWi)	Presentations of seminar papers
Wednesday, 06.07.2022 23.59h		Deadline for submission of the final seminar thesis to sekretariat.schank@uni-mainz.de

Pre-requisites:

Preferably, participants should have taken in the past either "Econometric Analysis of Cross Section and Panel Data" (Prof. Schank) or "Topics in Statistics and Econometrics" (Prof. van Ewijk). At the minimum, students should take "Econometric Analysis of Cross Section and Panel Data" in the coming summer term. In the latter case, it is essential that you attend the *Stata Introduction* by Dr. Constantin Weiser which is offered at the beginning of the summer term. Students who have not taken in the past or who will not take any of the two mentioned courses (or any other advanced empirical module) in the coming summer term are NOT recommended to choose this seminar.

General Description:

The seminar can be regarded as an ideal preparation for an empirical master thesis.

The aim of the seminar is to empirically re-investigate research questions from the field of labor economics, based on the listed references as a benchmark. Using Stata, students carry out the analysis with a student version of the German Socio-Economic Panel (SOEP), which is supplied by the chair.

Topics

1. **The impact of performance-related pay on job satisfaction**

   Performance-related pay (PRP) is a way of wage-setting by linking salary progression to an assessment of individual performance. Existing studies suggest that PRP is associated with a higher level of job satisfaction. The potential reason could be that PRP leads to an increase in employees' motivation. Further, the effort-linked monetary rewards may also have a positive effect on overall job satisfaction. However, PRP may also come at costs. Due to the continuous monitoring of individual effort and behavior, some employees might feel restricted and stressed, which can induce a negative impact on job satisfaction. In addition, PRP may cause higher levels of pay dispersion within a company, which potentially reduces employees' satisfaction when employees dislike inequity.

   This seminar paper aims to investigate the impact of PRP on employees' job satisfaction by first constructing the measure of PRP and then applying fixed effect regressions.

   Kampkötter, P. (2017). Performance appraisals and job satisfaction. The International Journal of Human Resource Management, 28(5), 750-774.

2. **Sickness-related absence and career mobility**

   Frequent sickness-related absences are regularly interpreted by researchers as an indicator of either ill-health or low effort. One could thus expect a link between absenteeism and future career paths. For instance, assuming that firms wish to promote those employees who have performed well, employers may take variations in short-term absence as an indicator of work motivation into consideration. This seminar topic explores whether absence behavior affects employees' job mobility, such as promotions, dismissals, quits, and transfers. Students are expected to use fixed effects regression or (multinominal) logit regression.

   Chadi, A., & Goerke, L. (2018). Missing at work–sickness-related absence and subsequent career events. Journal of Economic Behavior & Organization, 153, 153-176.

3. The effect of locus of control on job search and the job-finding rate

Locus of control is a psychological concept that describes the belief of an individual about the impact of own behavior on life outcomes. Individuals with an internal locus of control believe that life outcomes are mainly the 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.

Caliendo, Cobb-Clark and Uhlendorff (2015) used the IZA Evaluation Dataset and showed that locus of control has an impact on the job search behavior of unemployed individuals. Unemployed workers with an internal locus of control have higher expected returns of job search and therefore put more effort into the job search.

In the seminar, students estimate OLS regressions for the number of job search methods used and reservation wage. Students are also expected to use LPM models for the probability of finding a job to assess if the results obtained by Caliendo et al. (2015) are also valid for the SOEP.

Caliendo, M., Cobb-Clark, D. A., & Uhlendorff, A. (2015). Locus of control and job search strategies. Review of Economics and Statistics, 97(1), 88-103.

4. The effect of perceived unfairness on the individual well-being and career

The analysis of discrimination is still a hot topic in labor economics. Related to actual discrimination is the feeling of being discriminated or treated unfairly. This study focuses on the impacts of individual perceived unfairness measured as the difference between the actual income received and the theoretical income considered to be fair on subjective well-being outcomes such as job and life satisfaction as well as on indicators of individual job stability.

Students are expected to analyze the impacts of perceived unfairness by estimating the different specifications presented in the study, including the subgroup analysis. Hence, students are expected to estimate linear Fixed Effect regressions and can expand their analyses using more recent data in comparison to the original paper.

D'Ambrosio, C., Clark, A. E., & Barazzetta, M. (2018). Unfairness at work: Well-being and quits. Labour Economics, 51, 307-316.

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

Technological development and changing requirements in jobs require the lifelong learning of employees. The seminar paper 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 on 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, G. J., & Van Ours, J. C. (2010). Labor economics. McGraw-Hill/Irwin Boston, Chapter 6 (the relevant parts).

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

6. Mozart or Pelé? The effects of adolescents' participation in music and sports

Participation in music and sports is believed to have positive effects on child development. That is why on the one hand governments subsidize both activities and on the other hand parents want their children to engage in sports or music activities.

While a large part of the earlier literature has investigated the effect of either sports or music activities, Cabane, Hille and Lechner (2016) jointly modelled the effects of both. They used the SOEP and showed that music activities have stronger positive effects on academic performance and academic ambition while sports activities improve subjective health.

In the seminar thesis, students apply OLS regressions of (1) doing sports vs. doing music and (2) doing music or sports vs. doing nothing on school grades, the probability of attending upper secondary education, the aim to enroll at university, and on subjective health (as done in the paper). Note that Cabane et al. (2016) applied matching procedures, but students are only expected to run OLS models.

Cabane, C., Hille, A., & Lechner, M. (2016). Mozart or Pelé? The effects of adolescents' participation in music and sports. Labour Economics, 41, 90-103.

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 independently. The thesis should cover **not more than 12 pages**, including tables and figures, but without references.

The main task is to investigate the research topic using Stata and to write up the findings in the style of a research paper. Students are expected to use the reference articles as a benchmark for their own investigations, though not all regressions of the papers have to be mimicked. Neither is it the goal to reproduce exactly the same results as the papers which are already based on the SOEP. Students should adhere to the requirements stated above and should discuss the outline of their paper with their supervisor.

We will supply a student version of the German Socio-Economic Panel (SOEP), the data-set to be used for the analysis. Instructions on how to access the data will be provided in the first meeting.

Students need to submit an electronic version of their seminar thesis by 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. Before submission, students should make sure that the do-file runs through from the beginning to the end 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.

Contact

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