



Programme



IAAEU
Institute for Labour Law
and Industrial Relations
in the European Union

**IAAEU Workshop on
Job Security & Employment Protection**

IAAEU Workshop on Job Security & Employment Protection

10th July 2020

Venue: ONLINE WORKSHOP

Institute for Labour Law and Industrial Relations in the European Union (IAAEU)
Trier University, Campus II
Behringstraße 21
54296 Trier

Welcome to the Institute for Labour Law and Industrial Relations in the European Union

The Institute for Labour Law and Industrial Relations in the European Union (IAAEU) was established as a public foundation in 1983 and is funded by the state government of Rhineland-Palatinate. While being a public foundation, the IAAEU is also a research institute of Trier University and is situated in the heart of the Petrisberg Technology Park on Campus II. The IAAEU comprises two working groups of which one engages in research in the area of European labour law (Legal Team) and one engages in the theoretical and empirical analysis of personnel and labour economic issues (Economics Team). Depending on the research questions and the available data the economists rely on experimental data drawn from the experiments conducted in the institute's laboratory or on survey and corporate data. Since January 2012 Laszlo Goerke is one of the directors of the IAAEU and head of the Chair of Personnel Economics at Trier University. He is also a research fellow of the Institute of Labor Economics (IZA) and the CESifo Group Munich.

For detailed information have a look at our website: <http://www.iaaeu.de/en>

Registration

To register for the workshop, please use the following form:

<https://bit.ly/3cPOPn1>

You will receive a confirmation email, once your registration is noted.

The workshop will take place online via Zoom software. Information on how to log in will be send around one day ahead of the workshop.

Please refer to page 9 for more organizational information.

Schedule – Workshop on Job Security and Employment Protection

Friday, July 10th 2020

08:30 – 08:45	(Online) Registration
08:45 – 09:00	Welcome and Opening
09:00 – 10:30	Session I – Employment Protection
10:30 – 10:45	Short Break
10:45 – 12:15	Session II – Unemployment Insurance
12:15 – 13:45	Long Break
13:45 – 15:15	Session III – Job Security
15:15 – 15:30	Short Break
15:30 – 17:00	Session IV – Worker Turnover Rates
17:00 – 17:30	Farewell

All sessions will take place online via Zoom Software.

Programme – Friday, July 10th

08:30 – 08:45 **Registration**

08:45 – 09:00 **Welcome and Opening**

09:00 – 10:30 **SESSION I – EMPLOYMENT PROTECTION** (SESSION CHAIR: LASZLO GOERKE)

Daniela Sonedda: “Guess who's there: employment protection legislation and the degree of substitutability between labour contracts“

Discussant: Batut

Cyprien Batut: „Employment termination by mutual consent and labour market fluidity“

Discussant: Sonedda

10:30 – 10:45 **Short Break**

10:45 – 12:15 **SESSION II – UNEMPLOYMENT INSURANCE** (SESSION CHAIR: YUE HUANG)

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

Discussant: Khoury

Laura Khoury: "Entitled to leave: the impact of unemployment insurance eligibility on employment duration and job quality“

Discussant: Simon

12:15 – 13:45 **Long Break**

Programme – Friday, July 10th

13:45 – 15:15

SESSION III – JOB SECURITY (SESSION CHAIR: SVEN HARTMANN)

Anthony Lepinteur: “A natural experiment on job insecurity and fertility in France”

Discussant: Konietzny

Robin Konietzny: “Experiencing globalization in Germany: The implications of trade for perceived job security”

Discussant: Lepinteur

15:15 – 15:30

Short Break

15:30 – 17:00

SESSION IV – WORKER TURNOVER RATES (SESSION CHAIR: ALBERTO PALERMO)

Anna Hartmann: “The role of job-to-job transitions for involuntary part-time employment”

Discussant: Ekinci

Emre Ekinci: “The effect of firing costs on worker productivity and turnover: Theory and evidence”

Discussant: Hartmann

Organizational Information

Instructions for Presenters:

All sessions will be chaired by IAAEU staff.

We scheduled 45 minutes for each paper:

- 30 minutes for your presentation, 5min for discussion, and 10 minutes for questions.

The Workshop will take place online via Zoom Software.

In case of unforeseen technical problems, our IT team will be available during the workshop:

Email: edv@iaaeu.de

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Abstracts

Session I – Employment Protection

Daniela Sonedda: “Guess who's there: employment protection legislation and the degree of substitutability between labour contracts“

Employment protection legislation may affect the degree of substitutability among different types of labour contracts by changing the individuals sorting into jobs and firms screening out jobs. Using administrative data, I document this substitutability in the context of a labour market reform that changed the employment protection legislation and provided incentives to training contracts in Italy in 2012. I present and simulate a model that shows that individual's and firm's behaviour have important implications for the impact of policies that lower firing costs. Inefficiencies of job sorting and screening due to asymmetric information can be reduced by a more flexible employment protection legislation regime combined with incentives to training contracts.

Cyprien Batut, Eric Maurin: “Employment termination by mutual consent and labour market fluidity“

In many countries, the termination of employment contracts has to be either on employer initiative or on employee initiative. Furthermore, the cost of the procedure is borne mainly by the contracting party who takes the initiative. In 2008, the French government initiated a change in doctrine: it became possible to terminate employment contracts by mutual consent at lower costs. Building on firm level data, we show that the reform was followed by decline in dismissals and a rise in overall separation rates. By promoting separation by mutual consent, the reform reduced labor litigation risks and improved labor market fluidity.

Abstracts

Session II – Unemployment Insurance

H. Xavier Jara, Agathe Simon: “The income protection role of an unemployment insurance for the EMU: the case of atypical workers“

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 including 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 its performance in terms of protection of income with respect to national UI systems. Our results show that there are sizable gaps in terms of coverage between countries due to the heterogeneity of eligibility conditions. We find that coverage rates of national systems are particularly low among atypical workers. The introduction of an EMU-UI would reduce coverage gaps and increase net replacement rates especially for atypical workers and will protect a significant part of workers against the risk of poverty.

Laura Khoury, Clément Brébion, Simon Briole: “Entitled to leave: The impact of unemployment insurance eligibility on employment duration and job quality“

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.

Abstracts

Session III – Job Security

Andrew E. Clark, Anthony Lepinteur: “A natural experiment on job insecurity and fertility in France”

Job insecurity can have wide-ranging consequences outside of the labour market. We here argue that it reduces fertility amongst the employed. The 1999 rise in the French Delalande tax, paid by large private firms when they laid off workers aged over 50, produced an exogenous rise in job insecurity for younger workers in these firms. A difference-in-differences analysis of French panel data reveals that this greater job insecurity for the under-50s significantly reduced their probability of having a new child by 3.9 percentage points. Reduced fertility is only found at the intensive margin: job insecurity reduces family size but not the probability of parenthood itself. Our results also suggest negative selection into parenthood, as this fertility effect does not appear for low-income and less-educated workers.

Robin Konietzny: “Experiencing globalization in Germany: The implications of trade for perceived job security”

This paper adds to the discussion on the repercussions of economic globalization by analyzing the effect of import exposure on non-pecuniary aspects of employment. I study the effect of occupation-level import exposure on job satisfaction and job security worry in Germany using individual-level data from the German Socio-Economic Panel in the period 1995-2011. To this end, I propose two channels through which imports affect workers, a competition-increasing supply and a competitiveness-enhancing use channel. I find that rising exposure to Chinese imports reduces job security by increasing competition in final and intermediate goods through the supply channel. The negative effect of import exposure is mainly concentrated on individuals in occupations that typically require lower skill-levels and less specialization. The effect on job satisfaction through both the supply and use channel is only moderate. My results augment the growing literature on the labor market repercussions of trade as well as the literature on the effect of trade on political outcomes. In this context, I provide an additional explanation for the anti-globalization backlash recently observed in developed economies.

Abstracts

Session IV – Worker Turnover Rates

Anna Hartmann: “The role of job-to-job transitions for involuntary part-time employment”

Since the Great Recession workers in the U.S. are increasingly more likely to become involuntary part-time employed. At the same time, the job-to-job flows of workers in the U.S. have slowed down dramatically. In this paper, I document differences between the job mobility of workers that are restricted in their amount of hours worked, i.e. involuntary part-time workers, and workers that are not affected by working hours mismatch. I document two stylized facts about involuntary part-time employment in the U.S.: First, involuntary part-time workers flow at a higher rate to new employers to find full-time jobs than workers not affected by working hours mismatch. Second, the job mobility has declined for all worker types since the 1990's, with involuntary part-time workers experiencing the most pronounced drop. After ruling out that these developments are connected to simple structural changes in a specific industry or changes in worker demographics, I propose a channel which is connected to the hiring behavior of firms. To shed light on these results, I introduce work hours mismatch into a job ladder model. As involuntary part-time workers can be poached not only by higher wages but also by a higher amount of working hours, they accept a wider range of job offers. Therefore, involuntary part-time workers exhibit a higher job-to-job transition rate compared to unrestricted workers. When hiring becomes more selective over time, involuntary part-time workers are affected by a scarring effect because firms perceive them as being less competent compared to workers with full-time employment histories. This puts downward pressure on the job mobility of involuntary part-time workers.

Emre Ekinçi, David Wehrheim: “The effect of firing costs on worker productivity and turnover: Theory and evidence”

This paper explores, both theoretically and empirically, how firing costs affect worker productivity and turnover. We develop a model in which workers are essential to knowledge transfer between firms and worker effort is firm-specific in the sense that a worker can be fired before reaping the full return from effort (i.e., before acquiring all of the potential knowledge valuable to competing firms). Our model shows that the hold-up risk faced by workers induces them to curtail their innovative effort. However, an increase in firing costs inhibits the firm's ability to hold up the worker and thereby leads the worker to exert higher effort. The increased productivity, in turn, affects turnover, and the magnitude of this effect depends primarily on the degree to which the worker's knowledge stock is transferable to competing firms. In our empirical analysis, we consider the passage of the wrongful discharge laws in the US as an exogenous increase in firing costs. Using individual-level data constructed from patents issued to inventors by the United States Patent and Trademark Office¹³ (USPTO), we find supporting evidence for the model's implications.

Participants

Last Name	First Name	Affiliation
Batut	Cyprien	Paris School of Economics
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Homolka	Konstantin	IAAEU Trier & Trier University
Huang	Yue	IAAEU Trier & Trier University
Khoury	Laura	Norwegian School of Economics, Bergen

Participants

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Notes

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