



Programme



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

Workshop on Income, Pay Composition and Labour Market Outcomes

Workshop on Income, Pay Composition and Labour Market Outcomes

February 13th & 14th, 2025

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).

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](#).

About TriECON

TriECON is a workshop series initiated and conceptualized by the Institute for Labour Law and Industrial Relations in the European Union (IAAEU) in cooperation with the Chair of Personnel Economics at Trier University. Each workshop is designed to offer a platform for scientific exchange on a particular topic. The workshop series supports the networking among scientists and promotes the exchange of research ideas and results with other scientists as well as with the wider, interested public.

We hope you will have a pleasant event and gain some new insights!

For information about the upcoming workshops, we invite you to visit the corresponding [website](#).

Venue & Social Programme

Trier University, Campus II (Building H)
Behringstraße 21
54296 Trier
Room: K101

Transfer to City Center:

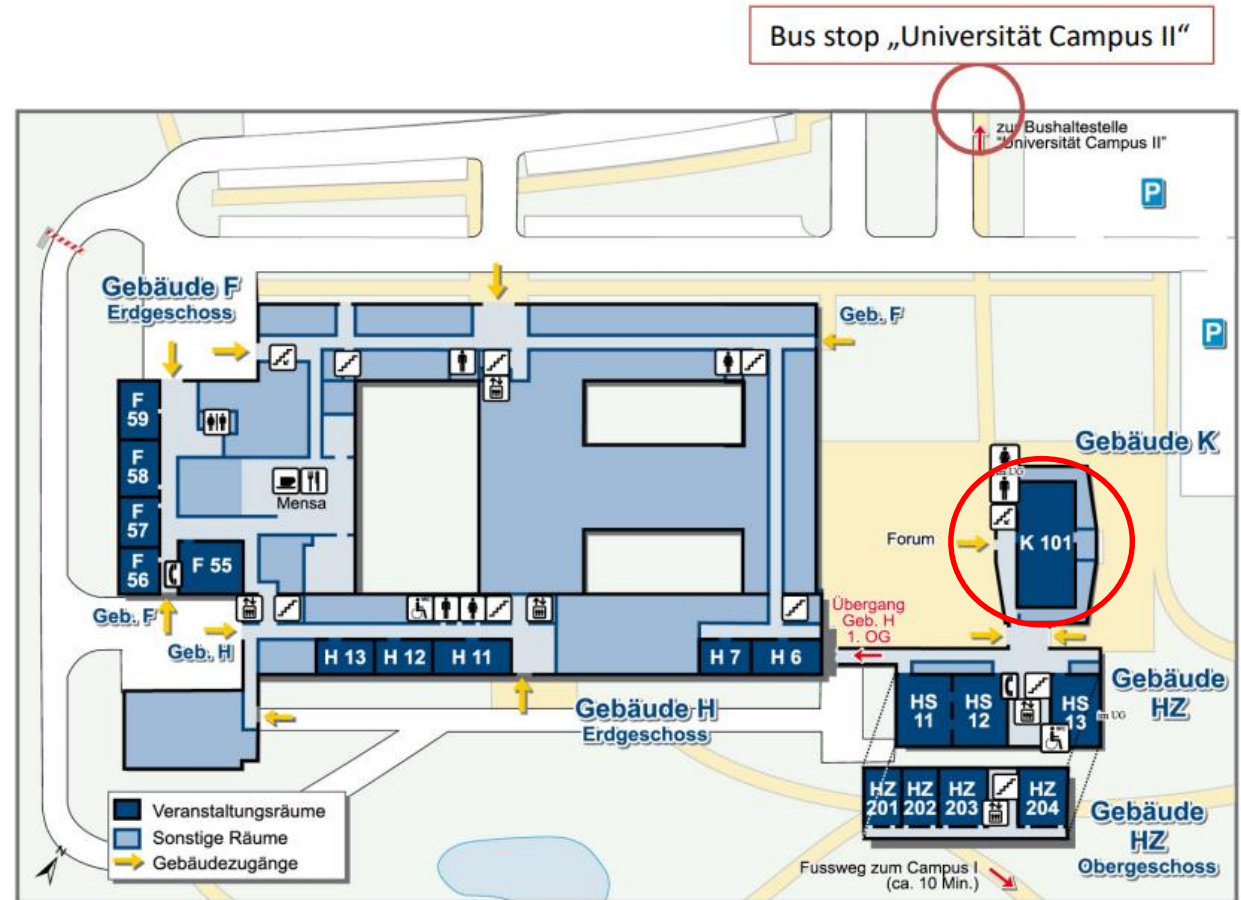
16:40 at the end of workshop day 1 by public transport (Bus lines 14 or 4)

Aperitivo 18:00

Weinstube Kesselstatt
Liebfrauenstraße 10
54290 Trier

Dinner 19:00:

Ristorante Fornelli
Jakobstraße 34
54290 Trier



Schedule – Workshop on Income, Pay Composition and Labour Market Outcomes

Thursday, February 13, 2025 (Room: K101)

12:30 – 13:00	Registration
13:00 – 13:10	Welcome and Opening
13:10 – 14:40	Session I
14:40 – 15:10	Coffee Break
15:10 – 16:40	Session II
16:40 – 18:00	Break and Transfer to City Center
18:00 – 19:00	Aperitivo @Weinstube Kesselstatt
19:00	Dinner @Fornelli

Friday, February 14, 2025 (Room: K101)

09:00 – 10:30	Session III
10:30 – 11:00	Coffee Break
11:00 – 12:30	Session IV
12:30 – 12:40	Farewell

Programme - 13.02.2025

13:00 – 13:10	Welcome and Opening
13:10 – 14:40	<p>SESSION I: (WAGES)</p> <p>Ahmet Taskin: “The effect of branching deregulation on finance wage premium” (<i>Discussant:</i> Pol Morvan)</p> <p>Pol Morvan: “Strategic wage setting, firms and workers’ location” (<i>Discussant:</i> Laszlo Goerke)</p>
14:40 – 15:10	Coffee Break
15:10 – 16:40	<p>SESSION II: (OTHER)</p> <p>Marco Clemens: “Unexpected fortunes: Exploring the impact of windfall gains on educational mismatch” (<i>Discussant:</i> Giorgia Conte)</p> <p>Giorgia Conte: “Time to grow up? The distributional effects of parental leave policies on fertility and child human capital” (<i>Discussant:</i> Ahmet Taskin)</p>
16:40 – 18:00	Break and Transfer to City Center
18:00 – 19:00	Aperitivo @Weinstube Kesselstatt
19:00	Dinner @Restaurant Fornelli

Programme - 14.02.2025

09:00 – 10:30

SESSION III: (*INCENTIVES*)

Liana Bomm: “Financial sustainability – the impact of long-term incentives in executive pay”
(*Discussant:* Davide Bisi)

Davide Bisi: “Shared automated gains: Blue-collar profit sharing and robotics in Italian firms”
(*Discussant:* Liana Bomm)

10:30 – 11:00

Coffee Break

11:00 – 12:30

SESSION IV: (*GENDER WAGE GAPS*)

Christian Grund: “Conditional gender pay gaps” (*Discussant:* Gorana Krstić)

Gorana Krstić : “The gender wage gap across the unconditional wage distribution in a period of uncertainty: findings from Serbia” (*Discussant:* Christian Grund)

12:30

Farewell

Organizational Information

Instructions for Presenters:

We scheduled 45 minutes for each paper:

- 30 minutes for your presentation and 15 minutes for discussion (including 5 minutes for the discussant).

Abstracts

Session I:

Ahmet Taskin, Firat Yaman: *“The effect of branching deregulation on finance wage premium”*

What is the role of financial deregulation on rising finance wage premium in the US? This study makes use of the Interstate Banking and Branching Efficiency Act of 1994 as an exogenous shift to local banking markets and investigates the effect of branching deregulation induced on relative wages in finance. We find that the finance wage premium increased significantly in deregulated states, driven by direct effects on wages in commercial banking and spillover effects on the broader financial industry. Our estimates suggests that the deregulation explains about a quarter of the increase in finance wage premium between 1994 and 2008.

Pol Morvan: *“Strategic wage setting, firms and workers’ location”*

How does firms’ location impact the structure and the wage setting strategies? A simple theoretical model of firms’ wage setting strategies helps answering this question. In this framework, firms have a symmetric production function, with two perfectly complementary labor inputs but face different access to skilled labor available in scarce quantity. This paper shows that firms facing lower access to workers will pay higher rents and will hire less than firms with a better access to the scarce resource. In this model, the equilibrium is interior, unique and exists for a wide range of distributions of workers. I observe that effects of exogenous shocks on productivity, scarcity of the resource and differences in access to the latter are unambiguous and provide straightforward policy implications. This paper examines the connection between size and wages and completes the long lasting observation that bigger firms pay higher wages. Firms’ location is a key determinant underlining the relationship between wages and firm’s sizes, in particular, a big firm is predicted to pay lower wages to skilled, scarce workers compared to its smaller counterpart.

Abstracts

Session II:

Marco Clemens, Theresa Geißler: “Unexpected fortunes: Exploring the impact of windfall gains on educational mismatch”

This study is the first to examine the effect of unearned income on educational mismatch. We, first, derive a formalization describing the mechanisms describing the impact of windfall gains on the utilities offered by each educational mismatch. Using data from the German Socio-Economic Panel, we, second, test the derived mechanisms empirically by applying dynamic two-way fixed effect methodologies. In line with the formalization, the results show an increase in the likelihood of overeducation after a windfall gain, which is particularly pronounced for larger gains. In contrast, results regarding undereducation are partially dissenting.

Giorgia Conte: “*Time to grow up? The distributional effects of parental leave policies on fertility and child human capital*”

This paper examines the distributional effects of introducing paid leave policies in the US on fertility and children’s human capital. Using a life cycle model calibrated to US data, I simulate the introduction of a paid parental leave policy, and find that it raises fertility by 9%, primarily among low-income families. The policy generates a quantity-quality trade-off: while paid leave increases parental time investment in newborns, fostering early development, it reduces investments in later childhood for families with stronger fertility responses who face financial constraints, leading to losses in human capital. These findings highlight the potential for paid leave to boost fertility but also reinforcing income-related disparities in child outcomes.

Abstracts

Session III:

Liana Bomm: *“Financial sustainability – the impact of long-term incentives in executive pay”*

In addition to the environment and the society there is a third pillar of sustainability which is the economic or financial sustainability. It refers to the overall long-term well-being of an organization and has become a main objective of management. To achieve good long-term performances, it is important to align management behavior with the organizational strategy. The multi-period principal-agent model posits that by offering executives long-term incentives (LTIs), their interests will be more closely tied to those of shareholders, which maximizes the long-term health of an organization. However, empirical studies on the impact of LTIs on organizational performance show mixed results. Therefore, the current study uses a large longitudinal data set including 6,726 executive observations from 80 companies of the two largest German stock indices DAX and MDAX from the years 2006 to 2020. This dataset offers the possibility to disentangle the ambiguous empirical results by contrasting the effects of LTIs on different measures of financial performance.

Davide Bisi, Fabio Landini: *“Shared automated gains: Blue-collar profit sharing and robotics in Italian firms”*

This paper investigates the role of contractual profit-sharing (PS) in influencing robotic adoption within Italian firms, with particular attention to differences across organizational levels. We find that blue-collar profit-sharing (BPS) is positively associated with an increased likelihood of adopting robotics, while this effect is not evident for white-collar profit-sharing (WPS). These findings remain significant when controlling for factors such as firm size, age, workforce composition, and industry context. Our results indicate no significant association between robotic adoption and increased layoffs, nor do they suggest a role for PS in driving the adoption of advanced technologies beyond robotics. This leads us to discount both a heightened replacement rate due to increased labor costs and the presence of a shared innovation culture within firms as explanatory mechanisms. Conversely, we observe that firms with PS in 2015 are more likely to invest in technical and IT training by 2018, which in turn correlates with increased robotic adoption, highlighting a possible complementary role of targeted training in enabling automation.

Abstracts

Session IV:

Christian Grund: *“Conditional gender pay gaps”*

Gender pay gaps are still prevalent in most countries. In contrast to evidence based on broad country-wide samples, this contribution studies the case of a homogeneous sample of middle managers within one industry. Main parts of considerable raw gender pay gaps are explained by individual and job based characteristics. Gaps are somewhat more pronounced at the bottom of the wage distribution and are much more relevant for contingent pay than they are for fixed salaries. Gender pay gaps are positively moderated by the level of the hierarchy and actual working hours, whereas previous parental leave and unemployment spells negatively moderate gender gaps.

Aleksandra Anić, Gorana Krstić and Barry Reilly: *“The gender wage gap across the unconditional wage distribution in a period of uncertainty: findings from Serbia”*

Most of the existing research on the gender pay gap in Serbia has focused exclusively on conditional mean analysis. In contrast, this paper investigates the degree of heterogeneity in the gender pay gap across different quantiles of the unconditional wage distribution during a period of uncertainty. Using LFS data spanning the Covid-19 period between 2019 and 2022, this study investigates the gender pay gap using an extension to the Oaxaca-Blinder decomposition methodology that exploits recentered influence function regressions and incorporates a re-weighting procedure to identify the pure treatment effect (see Firpo, Fortin and Lemieux (2007); (2018)). Our results reveal a stronger ‘glass-ceiling’ than ‘sticky-floor’ effect. Although women within the higher percentiles of the wage distribution exhibit the greatest advantage relative to men in terms of their pay determining characteristics, a large unequal treatment in terms of the wages received for the same characteristics as men persists. However, this unequal treatment remains stable across the time-period studied suggesting no lasting adverse legacy for the treatment effect associated with the Covid-19 pandemic.

Participants

Last Name	First Name	Affiliation
Becker	Björn	IAAEU Trier & Trier University
Bisi	Davide	University of Parma
Bomm	Liana	Paderborn University
Clemens	Marco	IAAEU Trier & Trier University
Conte	Giorgia	Trinity College Dublin
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Goerke	Laszlo	IAAEU Trier & Trier University
Grund	Christian	RWTH Aachen University
Hartmann	Sven	IAAEU Trier & Trier University
Huang	Yue	IAAEU Trier & Trier University
Krstić	Gorana	University of Belgrade
Morvan	Pol	PSL University
Taskin	Ahmet	Institute for Employment Research (IAB) and University of Erlangen-Nürnberg

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