



## **Seminar on "Multinational Firms and Wage Premia" (33543)**

The aim of this seminar is to discuss literature on multinational firms, especially relating to foreign and multinational wage premia.

A wide range of studies address foreign ownership of domestic firms in various ways. Many find foreign-owned or multinational firms to be paying higher wages as compared to domestic firms. This finding is called multinational or foreign ownership wage premium. However, when controlling for observed heterogeneity between domestic and multinational firms, wage premia decrease or even vanish completely. Therefore, in this seminar, we will try to get a glimpse at possible determinants of and explanations for this stylised fact, which are prevalent in this specific literature. For this purpose we cover various studies for different countries. Most of the papers we discuss are empirical ones. However, some also present theoretical models. By discussing various findings in this literature, we will also be able to debate about the role of foreign ownership for an economy, for firms as well as for individual workers in general.

### **Lecturer**

Philipp Meier, Stefan Kornitzky

### **Requirements, target group and credit points**

- The seminar is primarily suited for Bachelor students:
  - Economics students: Seminar SPEZ (5 CP)
  - IWE students: Seminar zur Internationalen Wirtschaft (5CP)
  - P&E students: E6 (5 CP)
  - Development Studies: E1
- Active participation in the seminar and the introductory lecture is required.
- You have to hand in written work of up to ten pages (main text).
- You have to present your topic in the seminar session (approximately 30 minutes including questions).

## Organisation

Due to the current situation we want to allow for participation via Zoom in any case to simplify students' plans for the next semester. If it is possible we want to additionally offer classroom-teaching and combine it with the option to participate via Zoom. Since we do not yet know about next semester's organisational restrictions, we want to emphasise that *all announcements are preliminary*.

There will be an introductory lecture in the first week of the semester: 5<sup>th</sup> of November 2020 (2-4 pm, Zoom / tba). In this session, we will give an introduction into the topic. The main part of presentation and discussion will take place on 19<sup>th</sup> and 20<sup>th</sup> of November 2020 (9-5 pm, tba). All course-related questions should be sent to **philipp.meier@uni-bayreuth.de** or **stefan.kornitzky@uni-bayreuth.de**. The language of the seminar is English.

## Application, deadlines and grading

- The seminar is limited to 20 students (first come, first serve). If there is no more capacity left, you have the possibility to enrol for the waiting list.
- Applicants interested in taking part in this seminar have to apply by stating their preferred topic via **E-Learning**.
- Applicants have to attend the introductory session because final organisational details will be discussed there.  
You have to indicate **exactly one topic** you would like to choose in the E-Learning questionnaire. Each topic is assigned only once. Once a topic is chosen, it is not possible for later applicants to choose this topic.
- After choosing a topic via E-Learning, taking part in the introductory lecture is mandatory. In the interest of fairness, please withdraw your application by writing a short E-mail before the deadline in case you do not want to participate. Otherwise students who would like to participate possibly cannot take part.
- After the introductory session each student has to enrol for the seminar in CAMPUS-Online until Thursday, 5<sup>th</sup> of November 2020, 12:00 pm.

- In order to pass the seminar, it is mandatory to write a seminar paper (please follow the formal requirements [here](#)), present your results and answer questions in a short discussion after your presentation. Your final grade will be determined by your written work, presentation and discussion.
- In case you use slides for your presentation, you have to send them in until 18<sup>th</sup> November 2020, 12:00 am.
- Deadline for handing in your written work: 10<sup>th</sup> of January 2021, 12:00 am via **Turnitin**. The course number is 25492690 and the class enrolment key is 2020.

## Literature

We will also provide you with useful information on how to understand econometric or theoretical methods applied in the papers via the E-Learning course. In case you want to look up more details about e.g. empirical methods and interpretation of results, you can use:

- **Wooldridge, Jeffrey M.** 2016. "Introductory Econometrics: A Modern Approach". 6<sup>th</sup> ed. Cengage Learning.
- **Wooldridge, Jeffrey M.** 2010. "Econometric Analysis Of Cross Section and Panel Data". 2<sup>nd</sup> ed. MIT Press.
- **Meier, Gerald and James Rauch.** 2000. "Leading Issues In Economic Development". 7<sup>th</sup> ed. Oxford: Oxford University Press. pp. 561-566.

## Topics

General Topics about Multinational Wage Premia:

1. **Lipsey, Robert and Fredrik Sjöholm.** 2004. "Foreign direct investment, education and wages in Indonesian manufacturing". *Journal of Development Economics* 73: 415-422.

2. **Girma, Sourafel, and Holger Görg.** 2007. "Evaluating the foreign ownership wage premium using a difference-in-difference matching approach". *Journal of International Economics* 72(1): 97-112.
3. **Huttunen, Kristiina.** 2007. "The Effect Of Foreign Acquisition On Employment And Wages: Evidence From Finnish Establishments". *The Review Of Economics and Statistics* 89(3): 497-509.
4. **Budd, John W., Jozef Konings and Matthew J. Slaughter** 2005. "Wages and International Rent Sharing in Multinational Firms". *The Review Of Economics and Statistics* 87(1): 73-84.
5. **Malchow-Møller, Nikolaj, James R. Markusen, and Bertel Schjerning.** 2013. "Foreign Firms, Domestic Wages". *The Scandinavian Journal of Economics* 115(2): 292-325.

Explanation for MWP I: Differences in workforce composition

6. **Görg, Holger, and Eric Strobl.** 2005. "Spillovers from Foreign Firms through Worker Mobility: An Empirical Investigation". *The Scandinavian Journal of Economics* 107(4): 693-709.
7. **Martins, Pedro S.** 2011. "Paying More To Hire The Best? Foreign Firms, Wages And Worker Mobility". *Economic Inquiry* 49(2): 349-363.

Explanation for MWP II: Differences in learning opportunities

8. **Görg, Holger, Eric Strobl, and Frank Walsh.** 2007. "Why Do Foreign-Owned Firms Pay More? The Role of On-the-Job-Training". *Review of World Economics* 143(3): 464-482.
9. **Markusen, James R., and Natalia Trofimenko.** 2009. "Teaching locals new tricks: Foreign experts as a channel of knowledge transfers". *Journal of Development Economics* 88(1): 120-131.
10. **Pesola, Hanna.** 2011. "Labour Mobility and Returns to Experience in Foreign Firms". *The Scandinavian Journal of Economics* 113(3): 637-664.

Explanation for MWP III: Differences in firms' productivity

11. **Balsvik, Ragnhild, and Stefanie A. Haller.** 2010. "Picking 'Lemons' or Picking 'Cherries'? Domestic and Foreign Acquisitions in Norwegian Manufacturing". *The Scandinavian Journal of Economics* 112(2): 361-387.
12. **Arnold, Jens Matthias, and Beata S. Javorcik.** 2009. "Gifted kids or pushy parents? Foreign direct investment and plant productivity in Indonesia". *Journal of International Economics* 79(1): 42-53.
13. **Greaney, Theresa M., and Yao Li.** 2017. "Examining Determinants of Foreign Wage Premiums in China". *The World Economy* 40(10): 2056-2077.
14. **Wagner, Joachim, and John P. Weche Gelübcke.** 2015. "Access to finance, foreign ownership and foreign takeovers in Germany". *Applied Economics* 47(29): 3092-3112.

Multinational Wage Premia around the world:

15. **Hijzen, Alexander, Pedro S. Martins, Thorsten Schank, and Richard Upward.** 2013. "Foreign-owned firms around the world: A comparative analysis of wages and employment at the micro-level". *European Economic Review* 60: 170-188.
16. **Egger, Hartmut, Elke Jahn, and Stefan Kornitzky.** 2020. "Re-assessing the foreign ownership wage premium in Germany". *The World Economy* 43: 302-325.
17. **Earle, John S., Álmos Telegdy, and Gábor Antal.** 2018. "Foreign Ownership And Wages: Evidence From Hungary, 1986-2008". *ILR Review* 71(2): 458-491.
18. **te Velde, Dirk Willem, and Oliver Morrissey.** 2003. "Do Workers in Africa Get a Wage Premium if Employed in Firms Owned by Foreigners?". *Journal of African Economies* 12(1): 41-73.

Implications of Multinational Ownership for workers and firms:

19. **Bandick, Roger, and Holger Görg.** 2010. "Foreign acquisition, plant survival, and employment growth". *Canadian Journal of Economics* 43(2): 547-573.
20. **Vahter, Priit, and Jaan Masso.** 2019. "The contribution of multinationals to wage inequality: foreign ownership and the gender pay gap". *Review of World Economics* 155(1): 105-148.