



## **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 that purpose we cover various studies for different countries. Most of the papers we discuss are empirically oriented. However, some also present theoretical models. By discussing various findings in the 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**

Stefan Kornitzky

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

- The seminar is suited for and restricted to Bachelor students.
- 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)
- Economics students: Seminar SPEZ (5 CP)
- IWE students: Seminar zur Internationalen Wirtschaft (5CP)
- P&E students: E6 (5 CP)

- Development Studies: E1

### Organization

There will be an introductory lecture in the second week of the semester: 18<sup>th</sup> of October 2021 (10-12 am). In this session, I will give an introduction into the topic. The main part of presentation and discussion will take place on 02<sup>nd</sup> and 03<sup>rd</sup> of December 2021 (9-5 pm). All course-related questions should be sent to [stefan.kornitzky@uni-bayreuth.de](mailto: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 until 17<sup>th</sup> of October 2021, 12 pm, via **E-Learning**. You have to indicate **exactly one topic** you would like to choose in this application form. Each topic is assigned only once. Once a topic is chosen, it is not possible for later applicants to choose this topic. After that, applicants have to attend the introductory session.
- Indicate "Waiting List" if no more topics are available.
- In the interest of fairness, please withdraw your application 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 enroll for the seminar in cm-life until 18<sup>th</sup> of October 2021, 12 pm. If, after being enrolled, you do not participate during the rest of the seminar, you will be graded with 5.0.
- Deadline for handing in your written work: 06<sup>th</sup> of January 2022, 12 am, via e-mail **and** via upload to Turnitin. The course number is 20391356 and the enrolment key is 2019. In case you use slides for your presentation, you have to send them in until 01<sup>st</sup> of December 2021, 12 am, as well.

- 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.

## Literature

Each student will be assigned to one specific paper addressing specific issues of the seminar topic. In case you want to look up 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: 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

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 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 across countries

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.

#### Multinational ownership, 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.