



5.00 credits

30.0 h

Q2

Language :	English
Place of the course	Louvain-la-Neuve
Prerequisites	- Good level of labour economics and microeconometrics, - A good knowledge of production function economics - Experience in using STATA or similar statistical package
Main themes	The aim of the course is show students how they can gain insight and understanding of many issues in labour economics (and related fields), when analyzing them through the prism of firms' decisions and functioning. It is to show how these issues can be relatively easily evaluated empirically. To this aim, the course will equip students with the theoretical background as well as the econometric tools enabling them to carry out top-notch empirical research, exploiting the growing availability of employer-employee matched longitudinal micro data.
Learning outcomes	<b>At the end of this learning unit, the student is able to :</b>  <sup>1</sup> At the end of this module, the student will have acquired an understanding of the economic mechanisms that sustain the information sector.
Evaluation methods	assessment of the essay
Content	1) Specifying and using production and labour cost functions that account for labour heterogeneity <ul style="list-style-type: none"> <li>• The Hellerstein Neumark (HN) Labour Aggregate Index and marginal labour productivity</li> <li>• Accounting for varying degrees of substitutability and their consequences for marginal productivity</li> <li>• Labour heterogeneity and TFP</li> <li>• Beyond labour heterogeneity, the impact of diversity on productivity</li> <li>• Combining production and labour cost function analysis to assess the degree of alignment of earnings profiles on productivity profiles; plus the economic interpretation of (mis)alignment</li> </ul> 2) Identifying firm-level (production and labour) functions. <ul style="list-style-type: none"> <li>• Unobserved heterogeneity: firm and individual heterogeneity and the use of three/two-way error-components models</li> <li>• Tackling endogeneity/simultaneity bias using system-GMM (Blundell &amp; Bond, 1998) or proxy-based structural approaches (Olley and Pakes, 1996; Levinsohn and Petrin; 2003)</li> </ul> 3) Topical issues This section will illustrate how the above framework can be used to address a large range of issues at the intersection of labour-, personnel-, industrial- or even growth economics. They comprise the barriers to employment faced by older individuals or low-educated individuals, the impact of labour diversity on productivity, gender wage discrimination, the productivity gains/losses of resorting to part-time work, the firm-level relationship between human capital, productivity and wages, the role of the distance-to-efficiency frontier in determining the productivity of educated workers, or the contribution of changing labour force characteristics on TFP growth.                     4) Assignment: short written exam + redaction of an essay addressing a labour market (or related) issue, using the laid out theoretical/methodological framework, applied to micro data (provided by the instructor).
Faculty or entity in charge	ECON

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Master [120] in Economics: Econometrics	<a href="#">ETRI2M</a>	5		
Master [60] in Economics : General	<a href="#">ECON2M1</a>	5		
Master [120] in Economics: General	<a href="#">ECON2M</a>	5		