

RESEARCH STATEMENT

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My research interests lie in the fields of Labor Economics, Applied Econometrics and Industrial Organization, more specifically on issues related to job quality, the implications of product market competition for the labor market, the economics of migration, group interactions and network effects, and duration model estimation.

Over the course of my ongoing PhD studies, I have been working on three main projects. First, I have explored the influence of networks on immigrant employment. Second, I have studied the impact of product market competition on job instability. Third, I have developed an estimator for multi-destination transitions in the absence of panel data and am currently working on its application to the study of the impact of the introduction of fixed-term labor contracts on transitions from unemployment to out-of-labor-force.

Immigrant networks and employment

Immigrants tend to concentrate spatially in what has been called ethnic enclaves. The existence of those enclaves leads to the formation of social links that constitute ethnic networks. Along these connections, information on job offers flows and insurance in the event of unemployment is also provided.

In this paper, I developed a theoretical model in the spirit of Calvò-Armengol and Jackson (2004, Journal of Economic Literature) to illustrate how immigrant networks may influence the employment probabilities of their members. According to the model, the number of network members (network size), the number of employed members and the number of self-employed members (network quality), and the time of residence of the network in the host location (network age) need to be taken into account to correctly characterize the capacity of networks to influence the employment probabilities of their members.

Results obtained using census data show that immigrants benefit from bigger, better quality and older networks. The effect is identified using an instrumental variable analysis and is robust to the use of different sets of instruments and the consideration of different subsamples of immigrants. Additionally, I explore the existence of spillover effects across networks.

Product market competition and job instability

Globalization, market integration and privatization have led to significant increases in product market competition in Europe in recent years. The majority of the EU population believes that these processes represent a threat to their jobs (Eurobarometer). However, the existence and relevance of a causal link between competition and job instability remains unexplored.

In my Ph.D. thesis, I explore the impact of product market competition on job instability as measured by the incidence of temporary contracts. The effect is identified by means

of exogenous changes in competition within sectors as quantified by the OECD Regulatory Impact Indicator as well as through a quasi-experiment. The OECD Regulatory Impact indicator measures the degree to which manufacturing sectors are affected by anti-competitive regulation in sectors producing their inputs. The quasi-experiment is based on the application of European Union Directives promoting competition in some sectors.

Using the Spanish Labor Force Survey and the Business Strategies Survey, job instability is shown to rise with competition. In particular, one standard deviation increase in the level of competition decreases the probability that a temporary worker becomes permanent in a given year by more than 42%. In terms of policy, this conclusion implies that governments may be willing to complement competition enhancing with measures to fight frictional unemployment.

However, the long term effects of changes in competition may be different from the ones found in the short term. For instance, if higher job instability induced by increases in competition allows firms to better screen the most productive workers, those may enjoy more stable positions in the long run. The analysis of the long run effects is a promising avenue for future research.

Repeated cross-sections and multi-destination transitions

When trying to address various empirical questions on labor transitions, researchers may find that no panel data is available, that the existing panel data does not cover the desired period or does not contain the necessary variables. In contrast, repeated cross-sectional data are much more widely available, have earlier data and have more complete information. Hence, attention has been paid to methods that allow to study labor transitions using repeated cross-sections.

In this project, I propose an estimator that allows transition probabilities to be estimated at the individual level in a multi-destination setting in the absence of panel data. This procedure is based on the method of moments estimator in Güell and Hu (2003, Journal of Econometrics) but improves on it because it allows to study exit to different alternatives states while Güell and Hu (2003) estimates single-exit transitions.

I am currently working on providing evidence on the empirical validity of the estimator by constructing some Monte Carlo simulations as well as the comparison with panel data estimators. Additionally, I intend to perform an application to study how the introduction of fixed-term labor contracts affects transitions from unemployment to out-of-labor-force. The sign of the effect is unknown a priori. On the one hand, workers may perceive jobs as less desirable but, on the other, they may expect a higher probability of getting a job.

Future research plans

I am planning to continue researching issues I consider policy relevant. Some of my planned projects relate to the implications of maternal leave for mother's labor career, the intergenerational transmission of education and the dynamics of migration.

Labor Careers of Mothers

There is a wage penalty for mothers which has been found to rise with the length of maternal leave, see Lundberg and Rose (2000, Labour Economics). I plan to shed more light on the labor career implications of maternity by studying how maternal leave affects promotion opportunities. The German Socioeconomic Panel constitutes a suitable database to address this question empirically.

Intergenerational transmission of education

The level of education of parents has been shown to have an impact on their children's, see Black et al. (2005, American Economic Review). I hypothesize that the mismatch between the educational attainment and the employment position of parents also affects the educational attainment of children. Siblings taking their educational decisions at different points in time provide an opportunity to perform an empirical test of this hypothesis. The German Socioeconomic Panel provides all the necessary information for the empirical estimation.

The dynamics of immigration

Standard economic theory states that an individual decides to migrate if the present discounted value of earnings in the host country is bigger than the sum of present discounted value of earnings in the country of origin plus some individual specific fixed cost (Borjas, 1994). However, this fixed cost of migrating is uncharted territory. My coauthor, Xosé-Luís Varela-Irimia, and I propose a dynamic estimation of the decision to migrate that provides an approximation to the value of the fixed cost of migrating. This allows the analysis of some relevant policy aspects like the differences in migrating probability induced by the awarding of legal permits.