

# SIGNALING

## ASSIGNMENT 1.

### **Relationship age – remuneration.**

Positive relationship age - remuneration

- One explanation: human capital theory
- Alternative explanation:

**process of screening** projected by the firms to reduce employees' turnover

# SIGNALING

## ASSIGNMENT 1.

- Employees' turnover may be an expensive event for the firm (investment in training)
- The firm would prefer to hire workers that are not willing to change their workplace.

→ How to identify these potential workers and incentivize them to enter the firm?

Try to explain and remember that we are talking about SIGNALING

# SIGNALING

## ASSIGNMENT 2.

- Migrant workers hold higher education levels than local workers for same job positions
- Mismatch between education level and job positions in migrant workers: Higher education level compared with the job position they occupy.
- Education levels positively influence the probability of being employed

# SIGNALING

## ASSIGNMENT 2.

### **HUMAN CAPITAL THEORY DOES NOT FIT WELL:**

higher levels of education => advancement of  
minorities

(more satisfying jobs, higher  
incomes and career prospects)

The existence of structural barriers prevents migrants from obtaining a job consistent with their education level.

# SIGNALING

## ASSIGNMENT 2.

- official dataset provided by the National Institute of Statistics (ISTAT) of 6,860 migrant units, regularly living in Italy in 2006.
- potential 'workforce' units, people between 15 and 75 years (87% of the sample).

# SIGNALING

## ASSIGNMENT 2.

Tab. 1: *education levels of migrants and native born*

Education level	Migrants (%)	Native born (%)
High	11,1	15,1
Medium	40,4	45,2
Basic	48,5	39,7
Total	100,0	100,0

Tab. 2: *job positions of Italians and migrants in our sample*

Job position	Migrants in the sample (%)	Native born (%)
Blue collar	<b>75,3</b>	<b>34,7</b>
White collar	19,8	27,1
Director/head	4,9	38,2
Total	100,0	100,0

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*Tab.3: Distribution by job, country and education level*

Job	Education (%)			
	<i>High</i>	<i>Medium</i>	<i>Basic</i>	<i>No education</i>
<i>More developed areas</i>				
Blue collar	3,2	37,6	86,2	100,0
White collar	<b>55,1</b>	<b>54,6</b>	13,8	0,0
Director/head	41,7	7,9	0,0	0,0
Total	100,0	100,0	100,0	100,0
<i>Less developed areas</i>				
Blue collar	<b>60,5</b>	<b>84,4</b>	94,5	94,8
White collar	22,8	14,1	4,9	5,2
Director/head	16,7	1,5	0,6	0,0
Total	100,0	100,0	100,0	100,0

# **SIGNALING**

## **ASSIGNMENT 2.**

### **RESULTS FROM ECONOMETRIC ANALYSIS:**

Education levels positively influence migrants' probability of being employed

Try to explain these results and the possible negative consequences on the Italian job market and remember that we are talking about **SIGNALING AND SPENCE MODEL**