



## Job hazard pay and worker risk profiles

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We provide a fresh analysis of the theory of compensating wage differentials (CWD) using unusually rich and detailed data on self-reported work environment conditions and worker risk attitudes, from a representative 4-wave (1990-2005, 5-year spaced) panel survey of workers, which we link to the Danish register, longitudinal, yearly, matched employer-employee data. Our study improves and extends previous CWD empirical analysis in several ways: a) in standard hedonic wage equations, we control for both individual and firm-specific...time-invariant unobserved heterogeneity; we also report spell first-difference estimates where workers report changes in work conditions, within the same job spell; b) we account for worker heterogeneity in attitudes towards health and safety risks, from information on workers smoking habits. We find that the only work environment conditions compensated for by hourly wage premia, in the order of 4-6%, are related to flexibility in the working time ("shift premia"), namely working in irregular shifts, "working in the evening" and "working at night". If in addition we account for the selection of workers in hazardous jobs based on the observed worker risk proxies and time-invariant worker unobservables, cf. b), we find negative selection of risk-lovers into shift-jobs, with sizable hourly wage premia of 18-26%, while positive or no selection, and no compensation, in other types of hazard work.