

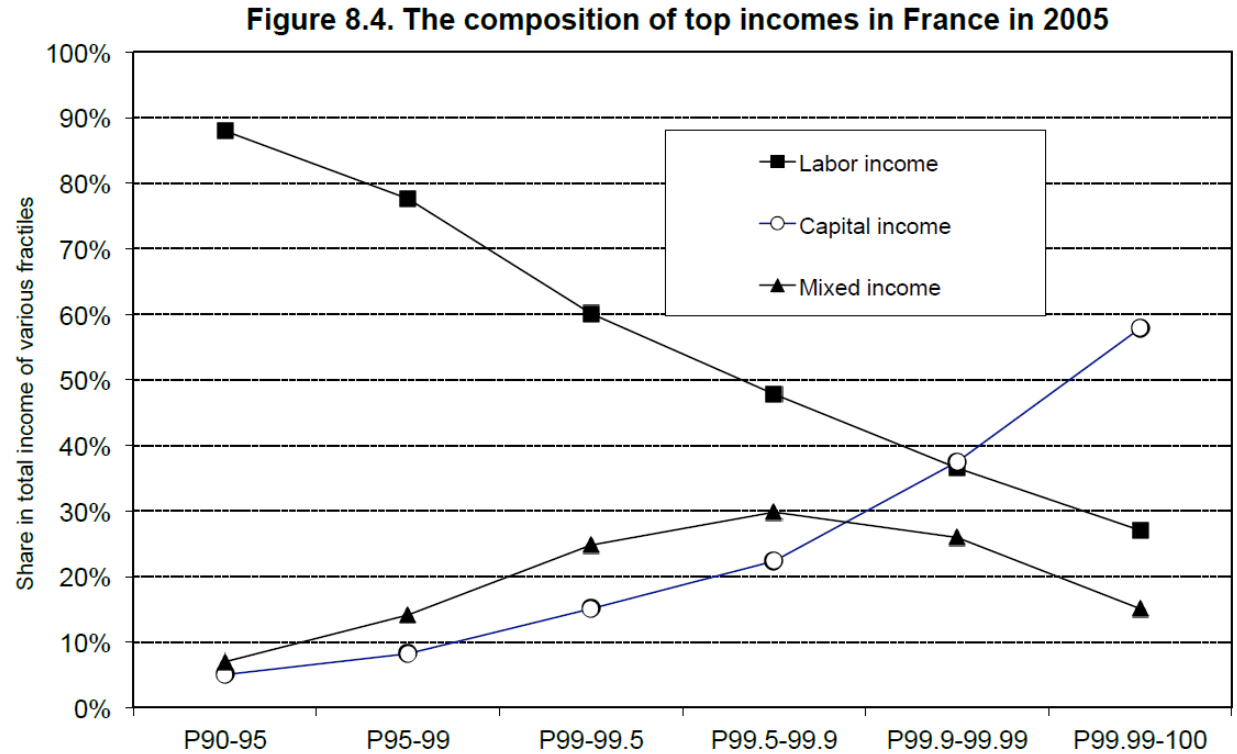
# Lecture 3.

# Wage inequalities

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2023-2024

# The centrality of wage inequalities

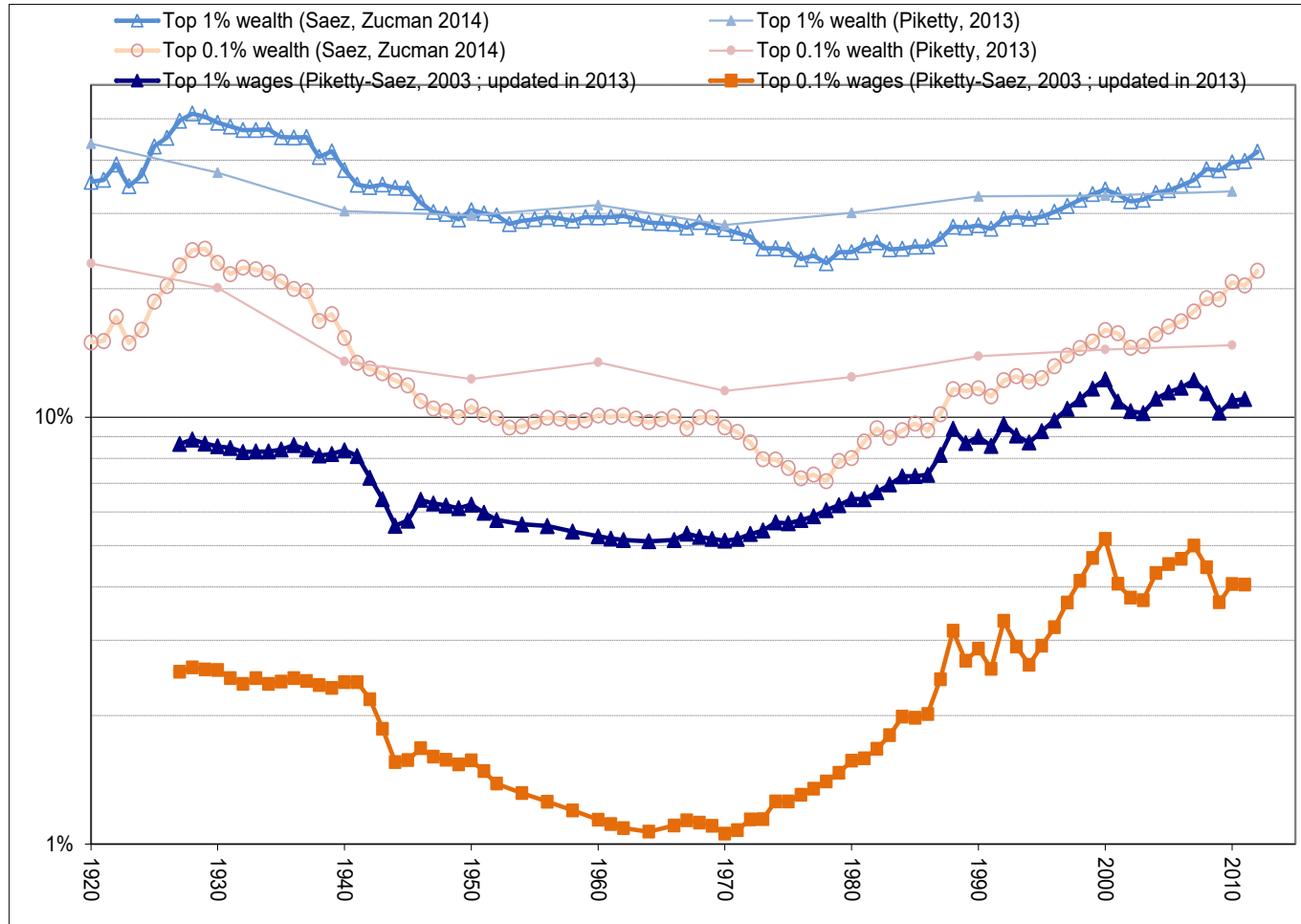
- Salaried society
  - Norway: 95%, US: 93%, France: 87%, EU: 85.5%, Italy: 78.5%
- Income inequality largely driven by wage inequality
  - Only in top 0.1% , domination of capital income over labor income



Capital income becomes dominant at the level of the top 0.1% in France in 2005, as opposed to the top 0.5% in 1932. Sources and series: see [piketty.pse.ens.fr/capital21c](http://piketty.pse.ens.fr/capital21c).

# Resurgence of Capital or rise of the Working Rich? (Godechot, 2015)

- Wage inequality much lower than wealth inequality but steeper increase
- Scale dependent
  - Top 0.1% wage share:
    - 1% (1970) to 5% (2000)
    - $\times 5$  or  $+4$
  - Top 0.1% wealth share
    - 7.9% (1978) to 22% (2012)
    - $\times 3$  or  $+14$



# Are wage inequalities criticizable?

- Labor markets record and translate premarket inequalities
  - Class, gender, race inequalities
    - => skill acquisitions
  - Labor markets “neutral”
    - Wage = productivity (“merit”?)
- Labor markets add an extra layer of inequality
  - Exacerbate inequalities based on salient categories
    - Discrimination/segregation processes
  - Create inequalities based on labor resource appropriation

# Outline

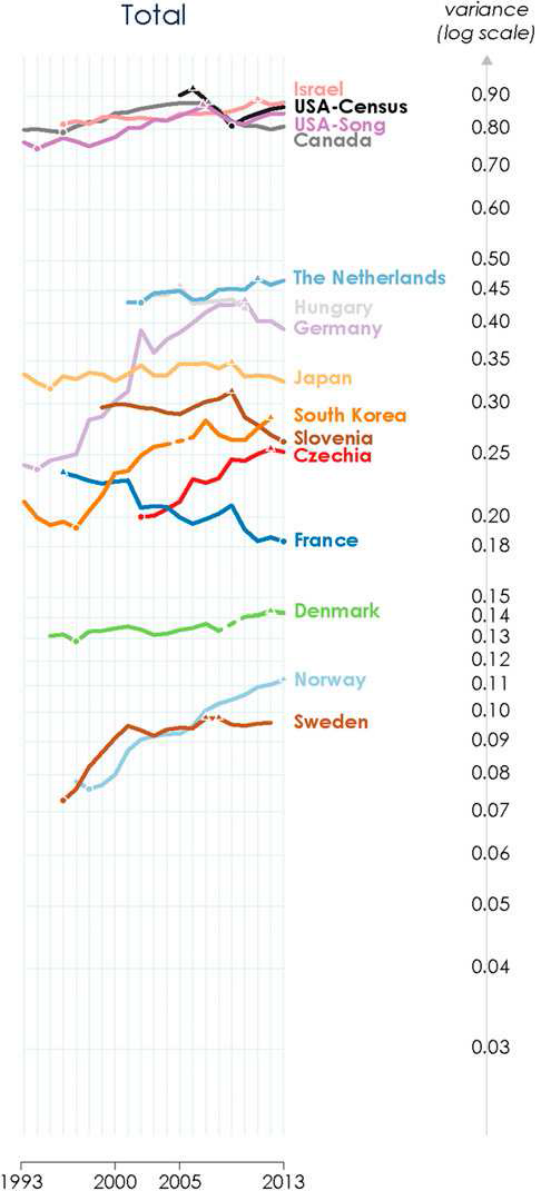
- Structure and evolutions of wage inequality
- Perfect labor market approach
  - Biased technological progress
- Institutional factors governing wage inequality
- Labor market as amplifiers of premarket inequalities
- Work as an opportunity for resource appropriation

# Sources for studying wage inequalities

- Labor force surveys
  - CPS (US), Enquête Emploi (France), European Labor Force Surveys (EU), ...
- Luxembourg Income Survey, EU-SILC
- Linked employer-employee database : Structure des salaires (France), Structure of earnings survey (EU)
- Individual or mean/sum of wages present in many work/workplace related survey
  - ex. REPOSE, COI, etc.
- Administrative data
  - (Often) social security based data. France BTS-Based on DADS.

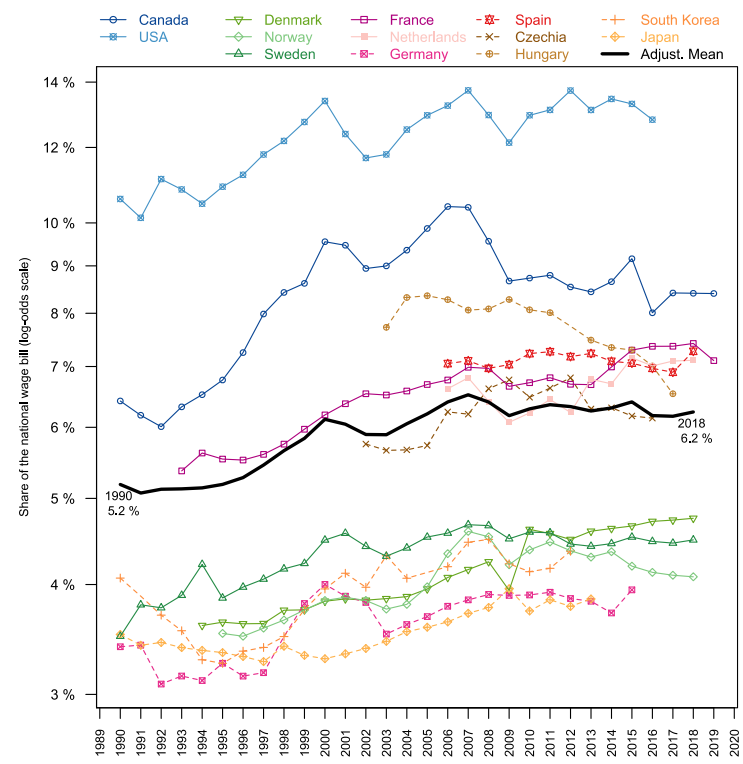
# Top shares in perspective

Levels (end year)	Wage share		Income share		Wealth share	
	Top 10%	Top 1%	Top 10%	Top 1%	Top 10%	Top 1%
US (2011)	35%	11%	44%	18%	74%	35%
Canada (2018)	30%	8%	40%	14%	58%	25%
Denmark (2017)	22%	5%				
Norway (2017)	21%	4%				
Sweden (2017)	21%	4%	30%	10%	59%	28%
France (2018)	26%	6%	32%	10%	59%	27%
Netherlands (2017)	33%	7%				
Germany (2014)	23%	ns				
Spain (2017)	28%	7%				
Czechia (2015)	26%	6%				
Hungary (2016)	29%	7%				
South Korea (2011)	24%	4%				
Japan (2012)	23%	4%	44%	13%	59%	25%



# Evolution of wage inequality

- Wage inequality very different between countries (Tomaskovic - Devey et al., 2020)
- Global increase inequality with some exceptions
  - France, Canada, Slovenia
  - France (different evolution when employer contributions accounted, Bozio et al. 2023)
- Difference when looking at the top (Godechot et al., 2023)





# Wage and productivity

- Classical approach (Clark, 1899): wages determines firm productivity
  - Firms maximizing profit / Price (wage) taker. Decreasing marginal productivity. Market with one factor, one type of labor
  - Firms adapt the quantity of work
    - $\text{Max } P = \text{Max } (pF(N) - wN)$
    - $F'(N) = w/p$  [or  $pF'(N) = w$ ]
  - Firms hire labor up to the point where firm's marginal productivity equals to "real" wage [or marginal sales equals to nominal wage]
- The reversal: productivity determines wages
  - Market adjustment
  - If a type of work (qualified) more productive than other one (nonqualified)  $F_1(N_1) > F_2(N_2)$
  - Higher demand of  $N_1$  workers. Increase of  $w_1$  compared to  $w_2$
  - A way of strongly linking wages with person's intrinsic "productivity" skills
- Inequality in wages ← inequality in productivity
  - Inequality in productivity ← premarket inequality
    - Class/race origin wage inequality ← class/race productivity inequality ← class/race inequality in education
    - Male/Female wage inequality ← male/female productivity inequality ← household labor division
- Limits
  - Strong perfect market hypothesis.
    - And perfect knowledge of a person's productivity
  - Measurement proxy: Value added per worker
    - Firm level
    - Not physical productivity but more "economic" (depending on demand)
    - Apparent labor productivity

# Human capital approach

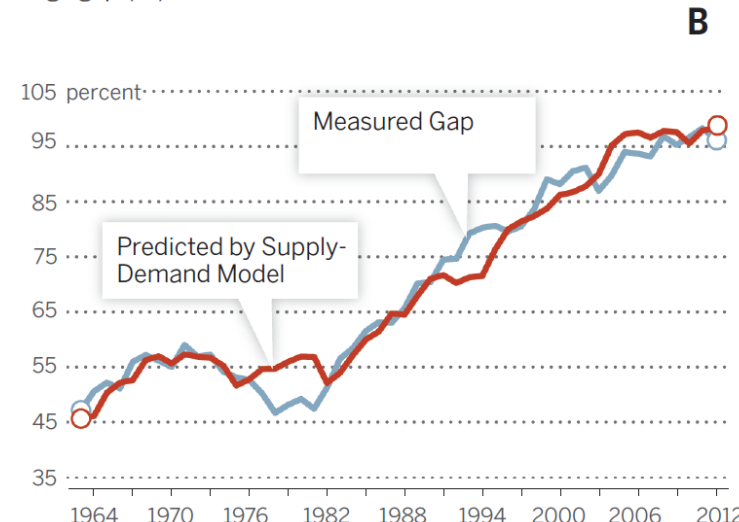
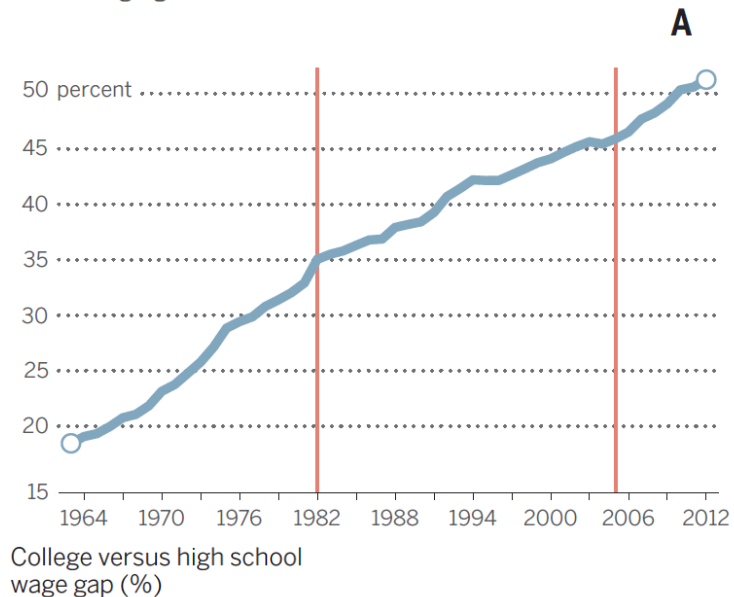
- Becker, 1964
  - Education enables to be more productive and access to higher wages
  - Education is a capital/investment which generates profit
  - Investment in education arbitrage cost/return
  - Two types of capital
    - General
    - Specific (firm/related)
- Mincer equation
  - Econometric specification
  - $\log(\text{wage}) = a \cdot \text{years\_education} + u$ 
    - Generally education explains 20-30% of wage variance

# Skill-biased technological progress

- Increase in the population of skilled workers (Autor, 2014)
- Should decrease wage gaps ?
- No depends on the race between technology and education (Goldin & Katz, 2008)
- Demand in skilled work increased faster than supply in skilled work
  - increase in skilled workers wage
  - increase in wage inequality
- Limits
  - Explanation based on competitive labor market framework
  - Increase in inequality mostly at the very top (top 1%). Difference in education between top 1% & F90-99 very limited

*Wage inequalities*

College share of hours worked (%), 1963–2012:  
All working-age adults



# Superstars (Rosen, 1981)

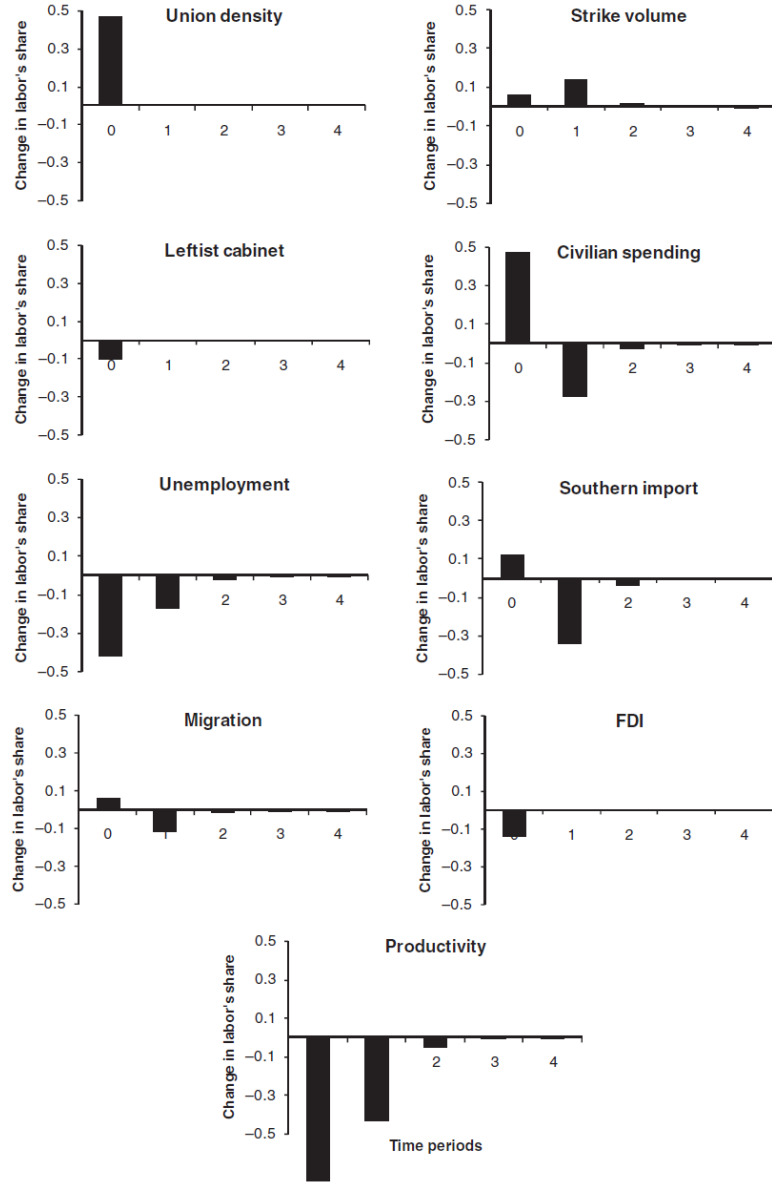
- Why do some stars win so much money
- Winner take all market
- A small difference in productivity between the first and the second is enough for getting the lion's share
- A phenomenon amplified by increasing returns.

# CEO as Superstars (Gabaix & Landier, 2008)

- Biggest firms hire best CEOs because they create more value
- Difference in productivity between the CEO of the biggest firm and that of 250th is small
  - Replacing the CEO of the 250th firm by that of the CEO of the biggest firm would increase the firm's capitalization by 0.016%
- But absolute impact on creation is important because of difference in terms of size of the firms
- Compensation difference important as the combination of small difference of productivity and strong difference in size
  - Difference in compensation of 530%

# Institutional factors

- Many paradigms agree on perfect market on the role of institutional factors on wage inequality
  - Distortion to natural equilibrium?
- Factors: Unionization, Minimum wage, Left wing votes
- Cross-country regressions
  - on labor share of income (Kristal, 2010)
  - Gini income index
  - Variance of wage inequality (Tomaskovic-Devey, 2020)



*Wage inequalities*

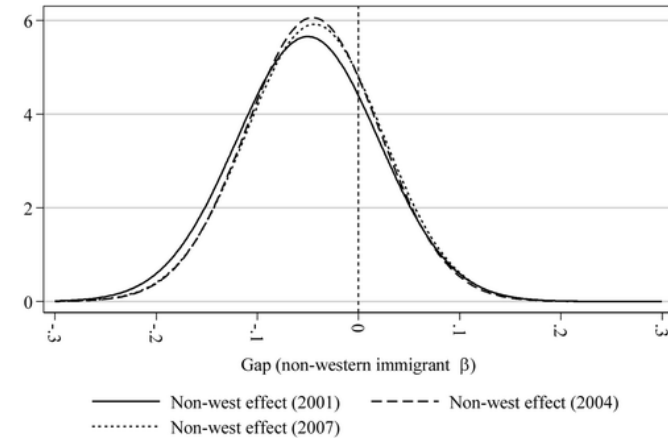
# Relational inequalities

(Avent-Holt and Tomaskovic-Devey 2014, 2019)

- Competitive market is not anymore the core
  - But one argument in wage bargaining process
- Relationality of the wage formation process
- Competition of wage claims by different groups with different power, size, legitimacy
- Mobilization of salient external categories: gender, race
- Two process of durable inequalities (Tilly, 1998). Categorical inequality can be used for:
  - Exploitation: Group A's losses fuel Group B's gains. Group A & B can be based on categorical distinctions
  - Opportunity hoarding. Monopolizing opportunity to one group, through social closure.

# Example: Where do migrants fare worse?

- How migrant/native wage depend on workplace composition in sweden?
  - Positive impact of the share of migrants on the wage gap
    - Of workers for workers
    - Of managers for managers

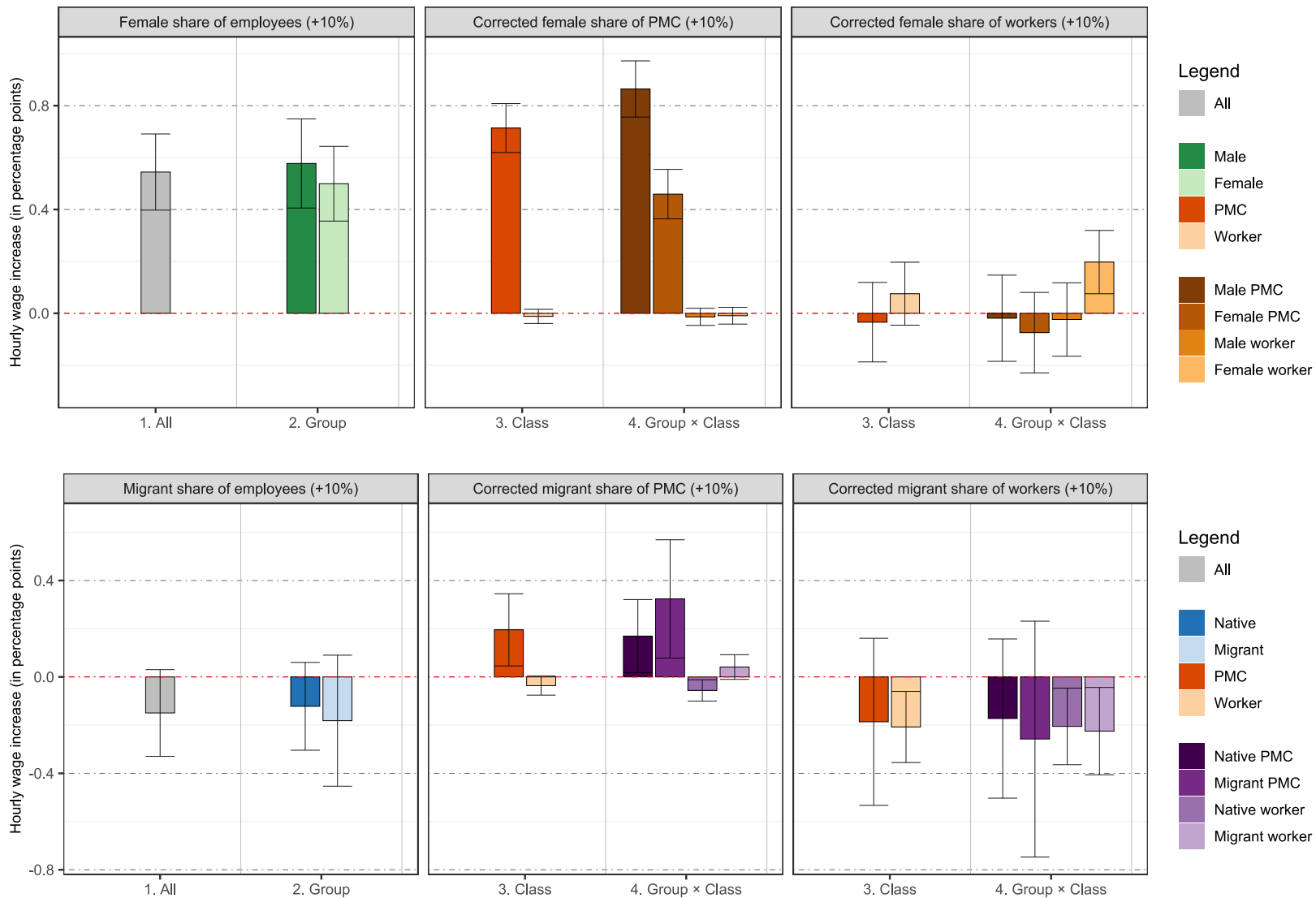


	ALL		
	(1)	(2)	(3)
$t = 2004$ (ref. $t = 2001$ )	.009***	.012***	.012***
$t = 2007$ (ref. $t = 2001$ )	.032***	.037***	.037***
Immigrant-workplace interactions:			
Non-Western immigrant × % non-Western immigrants	.045***	.051***	.037***
Non-Western immigrant × % non-Western in management	.029***	.026**	.028***



... & in France?

Soener, Godechot,  
Safi, forthcoming



# Inequality generated by resource appropriation. The case of financial wages

olivier godechot

## working rich

salaires, bonus  
et appropriation du profit  
dans l'industrie financière



éditions la découverte  
textes à l'appui

ROUTLEDGE INTERNATIONAL STUDIES IN MONEY AND  
BANKING

Wages, Bonuses and  
Appropriation of Profit in the  
Financial Industry

The working rich

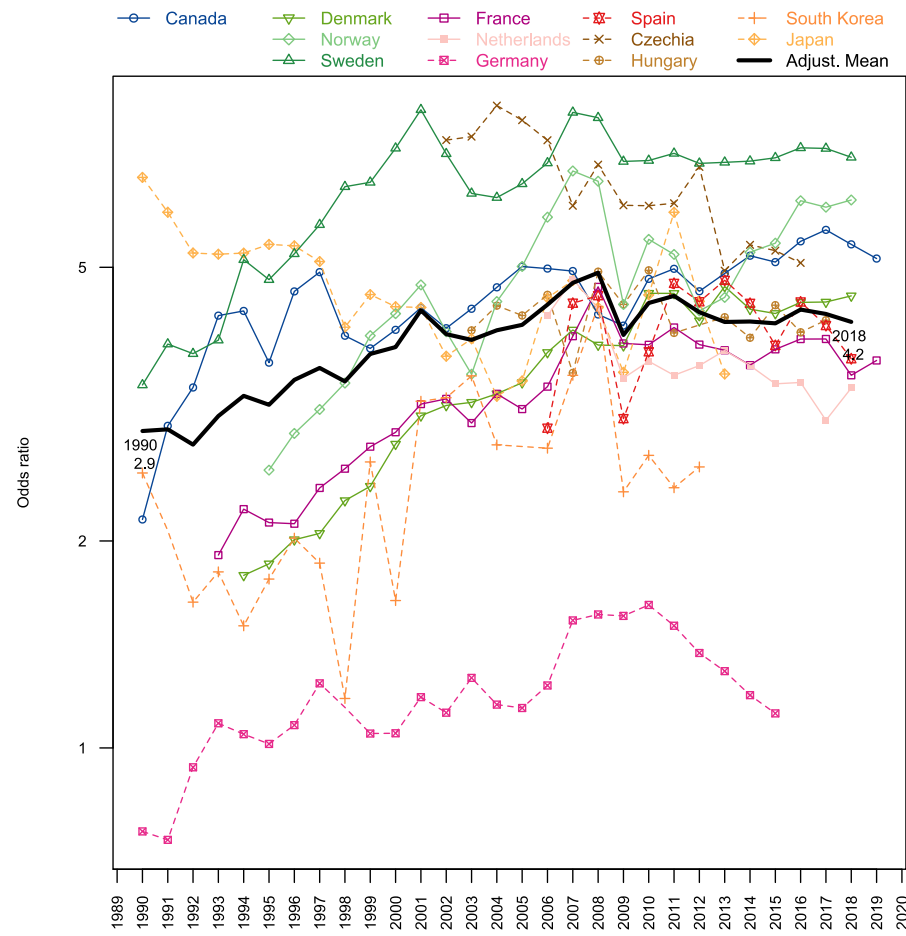
Olivier Godechot



# Finance's contribution to increase in inequality (Godechot et al., 2023)

Country	Pre-financial crisis inequality upswing					
	Time-Period	Earliest year top 1% (%)	Latest year top 1% (%)	Annual increase of top 1% (%)	Annual increase of top 1% of financiers (%)	Finance contribution (%)
Japan	1997–2007	3.27	3.71	0.04	0.00	–10
Denmark	1994–2008	3.59	4.24	0.05	0.02	39
Spain	2006–2007	7.05	7.10	0.05	0.31	625
Germany	1992–2008	3.08	3.90	0.05	0.01	19
Sweden	1990–2007	3.49	4.67	0.07	0.03	50
South Korea	1995–2008	3.25	4.50	0.10	0.06	61
Norway	1996–2007	3.49	4.59	0.10	0.05	53
France	1993–2007	5.37	6.99	0.12	0.05	43
Netherlands	2006–2007	6.62	6.80	0.19	0.28	152
Czechia	2003–2008	5.66	6.62	0.19	0.01	4
Canada	1992–2006	6.01	10.41	0.31	0.09	30
Hungary	2003–2005	7.72	8.36	0.32	0.26	83
Average (year-weighted)	11.8 pre-crisis years			0.11	0.05	45
USA <sup>a</sup> (Bakija <i>et al.</i> , 2010)	1993–2005	12.7	17.0	0.35	0.10	29
UK (Bell and Van Reenen, 2014)	1999–2008	7.1	8.9	0.20	0.16	78

*Wage inequalities*



# Appropriation and hold-up

- Workers in finance can extract rents.
- How do they extract rent on labor markets ?
  - Framework inspired by Marx, Bourdieu, Boltanski & Chiapello, and Williamson
  - Marx / Bourdieu Linking the relation of exploitation/domination on property rights
    - Informal property rights on key assets of the firm (customers, knowledge, know-how, social capital)
  - Boltanski & Chiapello 1999
    - Acquiring legitimacy on fruits through property rights
    - If legitimacy is not established. Trials of force.
  - Williamson and the Hold-up mechanism.
    - Threatening of Moving the key assets they have appropriate

Creating legitimacy: informal property  
rights and appropriation of assets

# Informal property rights in the firm

- Division of labor attributes domains of action that can be considered as property rights
  - Financial activity strongly partitioned
  - Trader are granted a strictly delimited set of portfolio on a given perimeter
  - Characteristics
    - Latitude of action on the assets.
    - Freedom of disposal.
    - Protection and surveillance of the frontiers.
    - Durability.
    - Exclusivity.
    - Partial transferability.
    - Intentionality and responsibility of the holder
  - Similar to a property right. More an ancient regime one than a roman one

# A transfer of rights...

- “**This is mine** [the portfolio, the models]. **It belongs to me**, because **everything existed before he arrived**. For now, this year, he conducts research . It's like me the first year I was doing research and **it belonged to the other guy**. The idea is that if he works well in research this year, that is to say, it really helps me, he finds important ideas on models, interesting stuff, the next year **I will give him a backyard** where he can do his model and I will help him to launch it. So we did not set where it would be, if it is an existing model that is going to die, a new idea or something a little in a different country. But we agreed on the concept that is the real reward of his success this year is not so much the bonus but the right to launch his own model next year. [...] It is quite strategic [ to determine what needs to be allocated ] but in fact as the markets are very dynamic , we can not predict a year in advance . You can have a number of commitments as an honest man , I will not fuck you because ... I will not **give you such an itty bitty thing** that there is no profitability”. (Trader, translated from French)

# Making profit mine

- Profit as a masterless property
  - Labor contract does not transfer property right on the “fruits” of the work
- Rousseauist situation.
  - “The first man who, having fenced in a piece of land, said *‘This is mine’*”
  - Several ways of saying “This is mine” / “This is of me”. “I won / I made the firm win”
  - In those claims, a grammatical determination of the profit. Linking I / Me and a masterless profit.
  - Organization of activity in profit center, accounting favor this first link.
- Elementary logics of appropriation



# Elementary logic of appropriation of profit

- Accession logic
  - Profits of MY portfolio are MY profits.
- Shared claims on the same profit
  - Engineers, traders, salespeople, heads of , operations
- More elementary forms of appropriation
  - First will
    - Will is potentially appropriating
    - Asymmetry between gains and losses. Gains are voluntary
  - First action
    - Lockian framework Work creates property in.
    - Head of rooms seen as “Exploiters”
    - But subordinate work is less creative of property rights
  - First idea
    - Intellectual property rights

# Position in the organization and appropriation

- Useful ownership
  - Traders, salespersons.
- Eminent ownership
  - Heads of desks or of rooms. Concession of what they own.
  - “What I need is to have guys who know very well what I ask them”
- Authors and inventors
  - Engineers
  - Position a little distant from the profit.
  - Ambiguity of the will (solving problems or making profit).
- Lease of work
  - Middle and back office jobs.
  - Position always secondary to the irruption of profit.

Holdups: enforcing property rights on  
profit

# A case of hold-up

- 17 millions for a head of trading room and his deputy at Neptune Bank in early 2001.
- A contract
  - Resignation of the 2 for a German rival bank
  - 48 hours given to their bank to match the rival offer
  - Formula  $8,5\% + 6,5\%$  of the bonus pool
  - On the eve of a major Securities Transaction
- A great year in 2000

# A well done negotiation

- *Timing*
  - Exploiting the feeling of urgency linked to the Securities Transaction.
- *Choice of the bank*
  - Secret
  - Not involved yet in Equity Derivatives
  - Credibility.
- *Percentage*
  - Benefiting from the growth of money invested without being affected by the growth of headcount
  - Rate used in the formula would probably be applied on very different pools.
  - Remains acceptable for the bank (short term profit not diminished)
- *Overall context*
  - Very good economic conditions for the following year. But probable reversal.
  - Leveraging the frenzy of *last-movers*
  - Without taking the risk of going with *last-movers*

# Moving the plant!

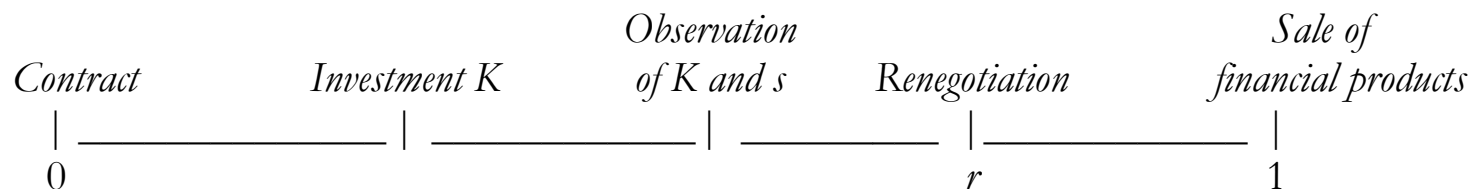
- Not just a sense of *kairos*.
- *Resigning together*
  - Resignation : signal of determination
  - Collective. Difficult to replace
  - Social Capital. Credible threat to take their whole team with them

# The mechanics of hold-up

- Appropriation of the firm's key assets
  - The “talent” of the financial worker is not innate.
  - Progressive accumulation of “talent” through the accumulation of financial experience
  - Financial experience. Appropriation of key assets collectively produced
    - Knowledge
    - Know-how
    - Customer Relations
    - Team work
- From appropriation towards the test of strength
  - Legitimization : Forgetting the collective origin and claim for profit
  - Taking advantage of an external offer in order to renegotiate
  - Credible threat of moving part of key assets and part of the activity

# Hold-up in a nutshell

- Contract between a firm and a salesman who is building links with clients to whom he is selling financial products



- Once he observes  $K$  and  $s$ , the sales can move
  - He brings  $\gamma \cdot Activity(K,s)$  to a rival firm.
  - The firm keeps  $\beta \cdot Activity(K,s)$



# Renegotiation

- Renegotiation
  - If renegotiation fails
    - Worker (elsewhere) :  $\gamma \cdot Activity + wage$
    - Firm :  $\beta \cdot Activity$
  - Rational to renegotiate
  - Possible to model in an economist manner with a Nash Equilibrium.
  - Result
  - $Renegotiation\ wage = f(\gamma \cdot Activity, (1 - \beta) \cdot Activity, wage, transaction\ costs)$   
+                    +                    +                    -
- Renegotiation wage increases with
  - Volume of activity that is moved
  - Damage done to the firm's activity
  - Original wage
  - Bargaining power in the Nash Equilibrium
- It decreases with transaction cost

# Types of collective moveable assets

- Physical capital
  - Computers
  - Software
  - Documentation
- Human capital
  - Knowledge (Traders, sales)
  - Know-how (traders)
  - Financial secrets (arbitrage techniques, etc.)
- Social capital
  - Client relationships (especially sales, M&A, Private equity)
  - Reputation (financial analysts, M&A)
  - Teams (head of...)

## 4. Some elements of statistical confirmation

# Moving assets is an important issue of all recruitment

- Godechot, 2014. “Getting a job in Finance”, *European Journal of Sociology*.
- Survey with efinancialcareers.fr on French Financial industry (september 2008).
  - 995 answers at the first question
  - 500 useable questionnaires
  - 2/3 had already changed job in Finance.
  - Representative of financial industry in a broad sense but rather junior.
- Issue of the hiring :
  - Bringing new assets is an issue for 45%
    - Bringing new technologies 21%
    - New clients 7%
    - New strategies 11%
    - New activities 25%
  - In front offices more important
    - 58% move activities in front offices
    - 42% in other jobs
  - The importance of new assets raises to
    - 50% if a contact is involved
    - 53% if it's a former colleague
    - 74% if it's a business partner

# Efinancialcareer survey : Moving together is quite common (Godechot, 2014)

- Role of contacts
  - 54% knew someone in the team where they were hired
  - Those contacts played
    - An Essential role: 41%
    - A secondary role: 34%
    - No role: 25%
- Those who already changed of job
  - 14% helped to hire a former colleague.
  - 15% already moved with colleagues to another firm and 10% have already tried
  - In trading and portfolio management, the percentage is up to 25%
- Those who never changed jobs
  - 15% would follow their boss with no hesitations.
  - 67% would do it if conditions are attractive enough

# A problem noticed by CEO

“The problem with having innovation and ideas at the center of your business as opposed to, say, automobiles, is that your capital is made up of people rather than physical inventory. **Your assets walk out the door at the end of every day.** And there is **no copyright or patent protection** available to ensure that employees cannot take their ideas and talents to another firm and start competing with you. This is especially easy on Wall Street because changing jobs often doesn't mean uprooting your family and leaving your friends. It simply means walking across the street” (Sanford 1996, Bankers Trust CEO).

# Team movers testify

- “We were making a lot of money, and the ECU really took off – it was astounding... Then we were approached by another firm. Somebody I’d known before, somebody came out to me and said... “Come and work with us and do ECU!” So there were the four of us, there was the guy called Burny, there was Dave, my best friend in the market, and Angus... We had lunch together and talked things over. It would double our wages! It would get us really nice cars, and a chance to travel in Europe. So yeah, we took it in the end, and the four of us went. And at that time, I was on about 17 or 18 thousand pounds a year... And they offered me about 40 thousand pounds to join them. (Steve, ECU salesperson in the 1980s in London, Godechot 2017, 185)

# Moving people

- Moving in group is more valuable than moving separately
  - Keeping intact the value of team work (collective routines, hierarchy, etc.)
- Coordination necessary to move people.
  - The boss is in a key position in order to move people.



# Executive search firms advertise on lift outs

sheffield haworth

## ‘Team Moves’ For Investment Management Firms

Using Lift Outs for Rapid,  
Strategic Product Growth



- Traditional Methods for growth
  - Internal promotion
    - But value only through time
  - External talents
    - Firms
      - Cutting non-core parts
    - Individuals
      - Cultural merge
- Team moves as hybrid approach
  - “The Best Of Both Worlds”
  - Even for small firms

*“Many key teams that move often bring with them some of their existing, long-term institutional clients. When a team departs a firm, and there is no longer a capacity at that firm to continue to manage a client’s assets in a similar strategy, institutional clients are faced with a choice: Go out to bid for a new firm and relationship or follow their old relationship to a new home.”*

# Poaching

- Mid 1990's Deutsche Morgan Grenfell hired 60 people from SG Warburg, 50 from Merrill Lynch and another team from Ing Barrings
- Private Equity : Franck Quattronne
  - Working for Morgan Stanley
  - In 1996 moved with his team to Deutsche Morgan Grenfell (a 8 persons team)
  - In 1998 moved with his team, Boutros and Brady teams to CSFB ( more than 100 persons)
- August 2009: Barclays is hiring Todd Edgar and his team of four commodity traders from JP Morgan for 30 millions pounds.
- 2009 Sept. 16 (Bloomberg) – 30 former Societe Generale SA bankers including Arie Assayag have started their own hedge fund, Nexar Capital Group LLC, the new firm said.

Questions	Items	Freq.	Net impact of front office positions on variables A to G (n=441)	Net impact of variables A to G on current total pay (n=429)
A. What was at stake during your last recruitment? (n=489)	1. Replacing someone	27%	×1.1	-10%
	2. Strengthening a team	55%	×0.8	4%
	3. Bringing new techniques	21%	×1.8*	3%
	4. Bringing new clients	7%	×3.7***	+17%(*)
	5. Providing new strategies	11%	×1.3	9%
	6. Developing new business	25%	×2.4***	+10%(*)
B. Moveable individuated assets index std[std(A3)+std(A4)+std(A5)+std(A6)]			+0.5*** (on s.d.)	+6%** (per s.d.)
C. Did you know employees in the service where you were hired? (n=531)	1. Former colleagues	22%	×1.4	+12%*
	2. Business partners	13%	×1.8(*)	+24%***
	3. Former classmates	13%	×1.4	-3%
	4. Friends	8%		
	5. Others	15%		
D. When you changed jobs, did you ever move with other colleagues to another firm? (n=469)	1. No	85%	+0.1* (on number of colleagues)	6% (per colleague)
	2. Yes, with one or two colleagues	12%		
	3. Yes, with three or more	3%		
E. Once in your new job, did you help to hire some former colleagues? (n=469)	1. No, I did not try	76%	-0.01 (on number hired)	+10%** (per colleague)
	2. I tried with no success	10%		
	3. Yes, one or two colleagues	12%		
	4. Yes, three or more	2%		
F. Moveable collaboration ties index std[std(C1+C2)+ std(D2+3×D3)+ std(0.5×E2+E3+3×E4)]			+0.2* (on s.d.)	+10%*** (per s.d.)
G. Combined moveable assets std(B+F)			+0.4*** (on s.d.)	+10%*** (per s.d.)

- 1. Front office positions determine moveable assets accumulation
- 2. Moveable assets impact pay
  - No impact of non-professional ties
  - Small increase? 10% rise for bringing one colleague
  - bringing 50 persons \* 5 the pay.

# Magnitude of team moves (Ongoing research)

- Factiva
  - 806 team moves (but selection on dependent variable)
- Excerpt FT. Movers and shakers (11 August 2014)
  - “Invesco Perpetual has appointed Danielle Singer as a senior client portfolio manager within its multi-asset team. Ms Singer joins from UBS and will be based in New York.
  - (...)
  - Nikko Asset Management has **poached a six-strong global equity team** from Scottish Widows Investment Partnership following Aberdeen Asset Management 's acquisition of Swip this year. Led by William Low , the team includes Stephen Corr , James Kinghorn, Greig Bryson , Iain Fulton and Johnny Russell.”

# Team moves are rooted in networks

- “I had been with my previous boss for 10 years, 3 different firms.”
- “My boss left in January, after the bonus (...) And I quit after I got my bonus even though I didn’t have anything, I was completely nuts. But I knew in my head that I didn’t want to stay there without him, and I just left, for nothing. Eventually I got a job, he went to Bank B and he got me a job offer.”
- “I had worked with some of these people for quite a long time. Claudio A, which is my number 2, I had first met him, I had tried to hire him in Bank B in 2000. I had interviewed him for Bank B in 2000. I was in Frankfurt but he didn’t want to come to Frankfurt. I came to London in 2002, and I interviewed him again and hired him at Bank C in 2002, and then left, and then I called him 5 years later when I got to Bank D, and said: ‘hey do you want to come?’ and he came. There was a guy Vito B. who was the brother of Pietro B, that’s how I got Pietro as well. So Vito was with us at Bank C and I hired him at Bank D, and then I hired his brother, and then I took his brother to Bank E.” (Italian Head of Trading Team moving 17 from Bank D to Bank E)

name	COMPANY	STARTFIRM	ENDFIRM	COMPANYB	STARTFIRMB	ENDFIRMB	COMPANYC	STARTFIRMC	ENDFIRMC
Mrs Alice Caroline Marie du Hamel de Fougeroux	Credit Agricole Corporate and Investment Bank	7-Nov-05	15-Nov-06	CIBC World Markets Plc	11-Dec-06	17-Mar-08	RBC Europe Limited	8-Jul-08	31-Dec-13
Mr Dominic Brian Luke Magee	Credit Agricole Corporate and Investment Bank	25-Mar-04	31-Mar-06	CIBC World Markets Plc	13-Oct-06	18-Apr-08			
Mr David Keith Godbee	Credit Agricole Corporate and Investment Bank	4-Apr-05	13-Nov-06	CIBC World Markets Plc	23-Nov-06	7-Mar-08	RBC Europe Limited	31-Mar-08	11-Mar-11
Mr Edward John Rastall Dickinson	Credit Agricole Corporate and Investment Bank	4-Mar-05	13-Nov-06	CIBC World Markets Plc	23-Nov-06	9-Mar-08	RBC Europe Limited	7-Apr-08	31-Dec-13
Mr John Graham Williams	Credit Agricole Corporate and Investment Bank	1-Dec-01	4-Dec-06	CIBC World Markets Plc	15-Dec-06	4-Feb-08	RBC Europe Limited	18-Mar-08	11-Mar-11
Mr Nicholas Alexander Atkinson	Credit Agricole Corporate and Investment Bank	1-Dec-01	30-Nov-06	CIBC World Markets Plc	11-Dec-06	4-Feb-08	RBC Europe Limited	11-Mar-08	11-Mar-11
Mr Nicholas Andrew Carmichael	Credit Agricole Corporate and Investment Bank	1-Dec-01	15-Nov-06	CIBC World Markets Plc	23-Nov-06	7-Mar-08	RBC Europe Limited	31-Mar-08	20-Jul-09
Mr Alan Someck				CIBC World Markets Plc	4-Aug-06	10-Mar-08	RBC Europe Limited	15-Apr-08	31-Dec-13
Mr David Michael Gilbey				CIBC World Markets Plc	3-Aug-06	7-Mar-08	RBC Europe Limited	29-Apr-08	31-Dec-13
Mr James Lobban				CIBC World Markets Plc	13-Nov-06	7-Mar-08	RBC Europe Limited	31-Mar-08	31-Dec-13
Mr Louis Philippe L'Heureux				CIBC World Markets Plc	3-Nov-06	4-Feb-08	RBC Europe Limited	15-Apr-08	31-Dec-13
Mr Paul Dennis Brady				CIBC World Markets Plc	31-Jan-07	4-Feb-08	RBC Europe Limited	11-Mar-08	31-Dec-13

# Identifying team moves in Paris region (2)

All Moves per year	All workers		Within same 2-digit sector		Within same 2-digit sector and full year in t and t+3	
	Nb. Obs	Percent	Nb. Obs	Percent	Nb. Obs	Percent
0. Immobile	7,013,391	78.73%	6,922,198	85.49%	3,568,097	87.2%
1. Move to ≠ estab. within firm	72,674	0.83%	67,073	0.83%	31,244	0.8%
2. Move to ≠ firm within group	979,555	11.00%	755,945	9.34%	355,621	8.7%
3. Organizational move (outsourcing, etc.)	210,112	2.36%	131,607	1.63%	54,106	1.3%
4. Solo move	615,588	6.91%	213,231	2.63%	78,877	1.9%
5. Team move	16,350	0.18%	7,084	0.09%	3,003	0.1%
Total	8,907,670	100.0%	8,097,138	100.0%	4,090,948	100.0%
Share 5/(4+5)	2.59%		3.22%		3.7%	

# Team moves in perspective

	Paris	British Finance			French Law firms	
	Managers	FT	Factiva	FCA	LJA	LinkedIn
Solo	97%	87%	--	72%	40%	77%
Team	3%	13%	--	28%	60%	23%
Number team moves	1782	109	388	3944	126	2220
Number workers in TM	7084	367	2901	21474	544	5909
2 workers TM	--	50%	6%	--	42%	69%
3 workers TM	59%	14%	22%	39%	25%	17%
Min size	3	2	2	3	2	2
Median	3	2	5	4	3	2
Q3	4	4	8	6	4	3
P90	6	6	15	9	6	4
P95	7	7	20	13	7	5
P99	11	13	40	26	14	10
Max size	15	16	83	48	38	25

# Main sector and professions (DADS)

Team moves among Paris Region Managers and Professionals	Number of workers	Share of moves	Share of workers
All	7084	3.22%	0.09%
<u>Main Occupations</u>			
376A.Financial market professionals	279	7.16%	0.33%
352A.Journalists	322	5.04%	0.19%
388.Computer engineers	3960	4.83%	0.25%
376.Other bank and insurance managers	400	3.08%	0.08%
375A.Advertisement professionals	203	2.61%	0.18%
372A.Study consultants	280	2.36%	0.09%
<u>Main Sectors</u>			
62. Computer programming, consultancy and related activities	3506	5.06%	0.40%
64. Financial service activities, except insurance and pension funding	607	4.16%	0.07%
71. Architectural and engineering activities; technical testing and analysis	379	2.77%	0.10%
58. Publishing activities	341	3.38%	0.10%
73. Advertising and market research	291	2.49%	0.14%
66. Activities auxiliary to financial services and insurance activities	259	4.71%	0.14%



# Team moves and pay. Models

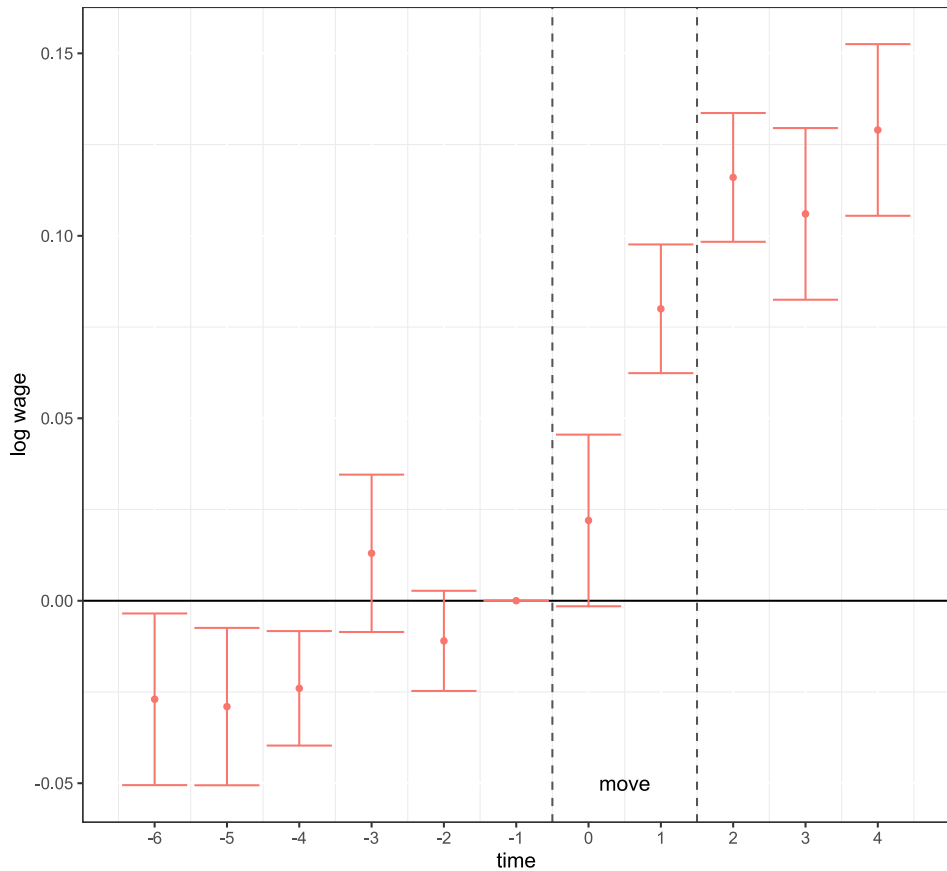
- Dependent variable: Log hourly wage. Field: full year earners in  $t$  and  $t+3$
- Time event study with individual and year fixed effects

$$\log(hwage_{it}) = \sum_{k=-6}^4 \gamma_k I\{t = t^* + k\} Solo_{mv}_i + \sum_{k=-6}^4 \delta_k I\{t = t^* + k\} Team_{mv}_i + i + year_t + u_{it}$$

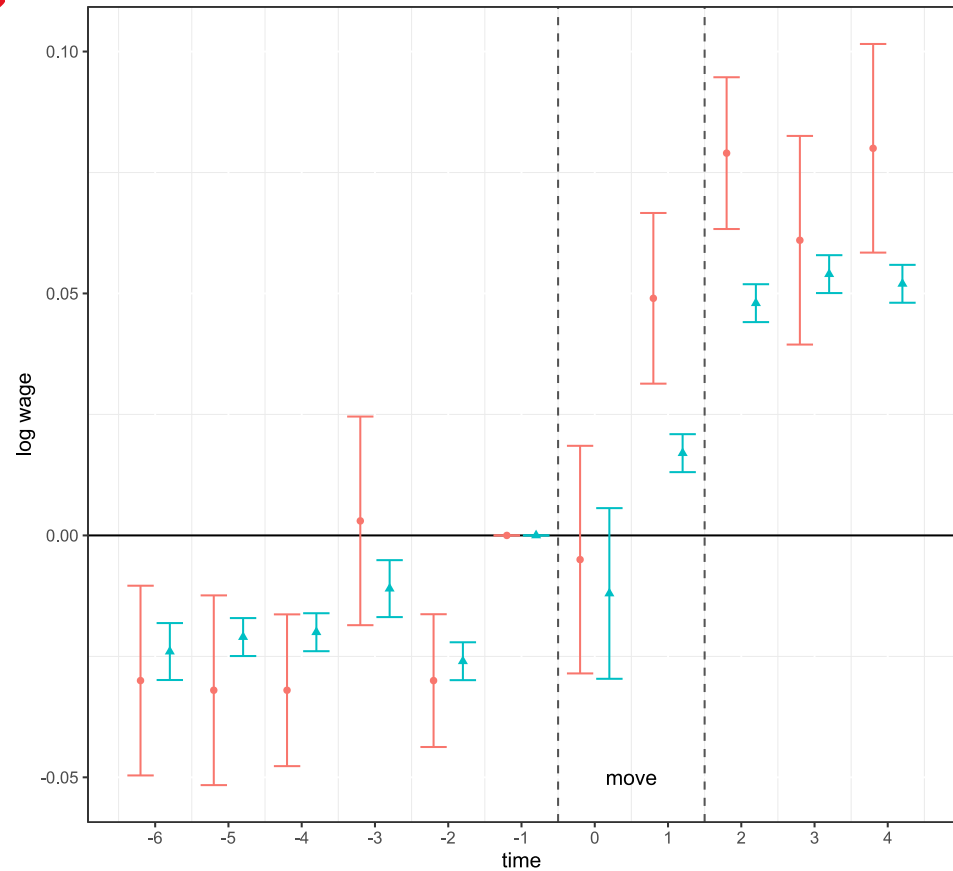
- Warning: No correction for heterogeneous treatment effects (de Chaisemartin, d’Hautefoeuille, 2022)
- First difference models with departure establishment\*year fixed effects
$$\Delta_{t,t+3} \log(hwage_i) = Move_i + \beta_k x_{kit} + j \times year_t + u_{it}$$

# Effect of team move events in Paris

## Region



Team move

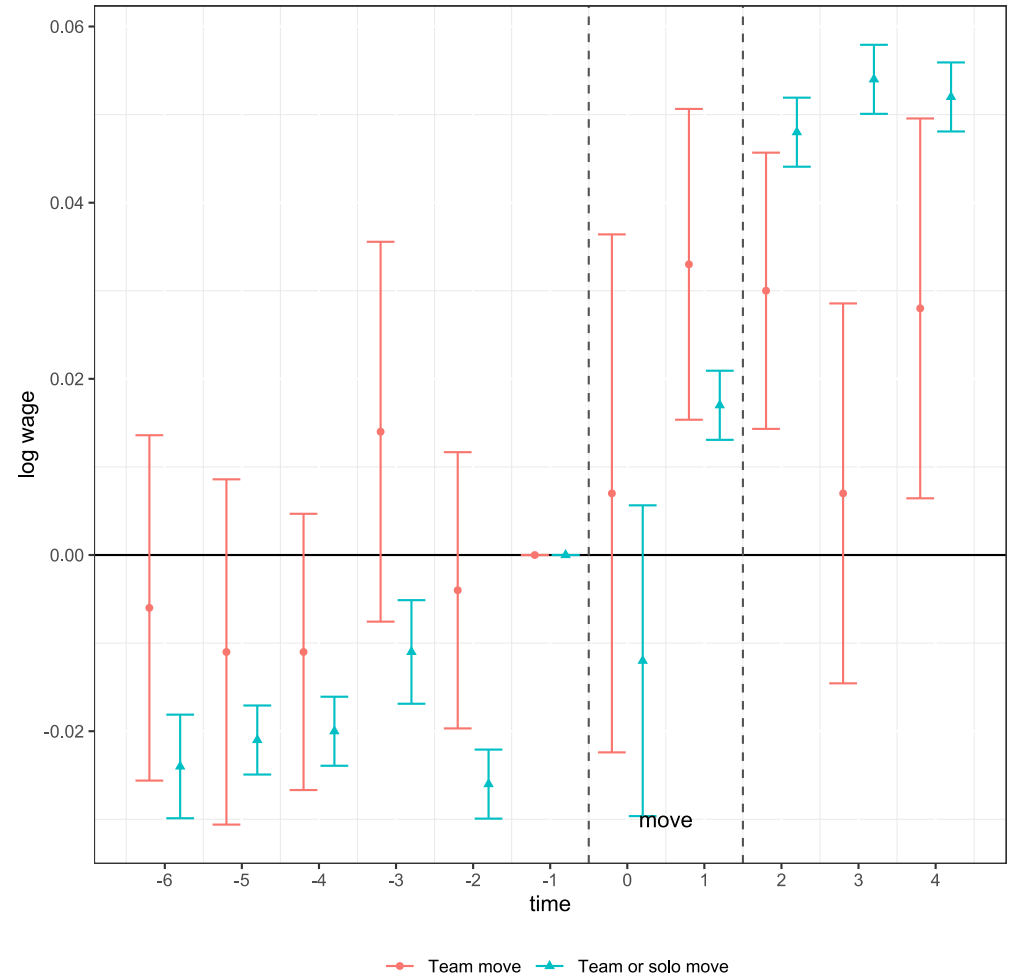


Team move

Solo move

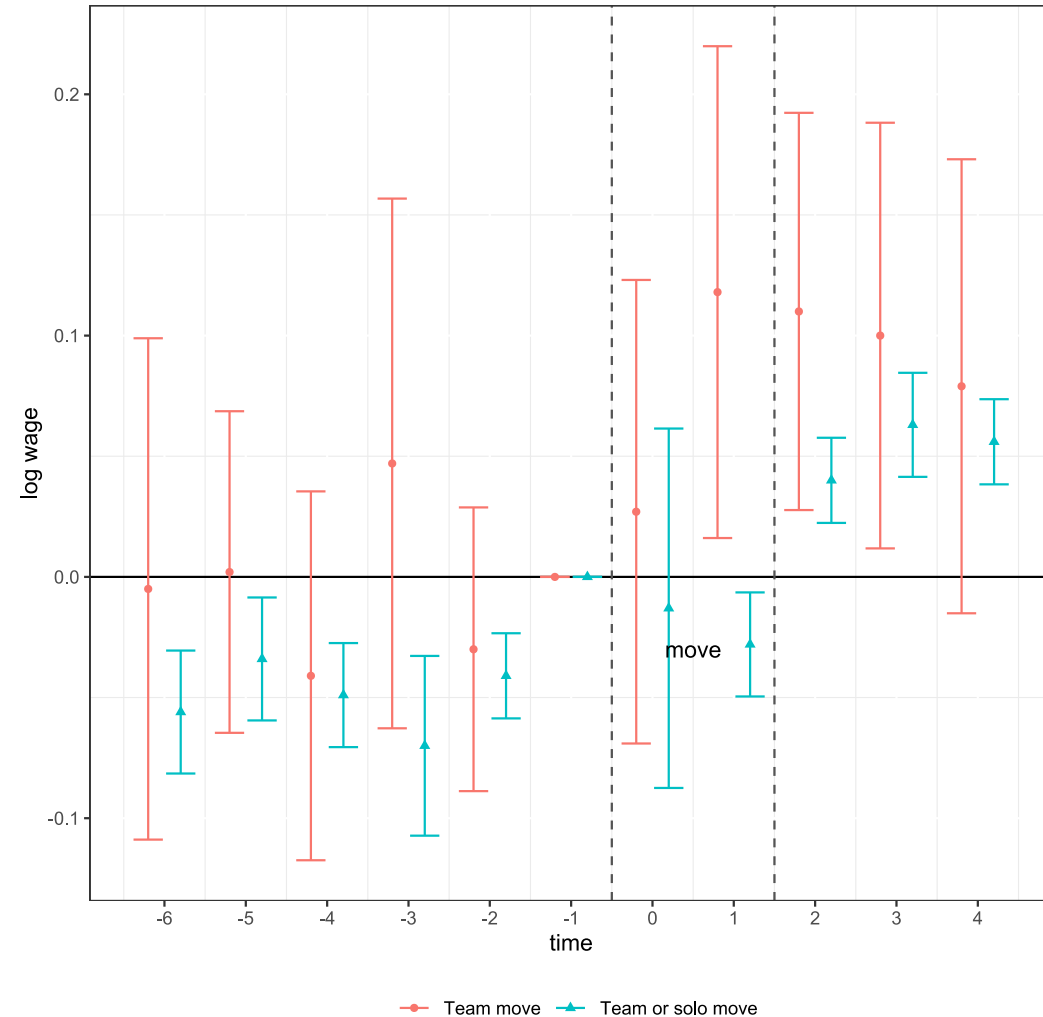
# Comparing team to solo moves

- Once controlling for (team or solo moves)
- Parallel pre-trends
- +3% on pay of team move compared to solo move.



# Banking sector only

- // pretrend
- +10 to 11% effect of moving in team versus moving solo.



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