

# Labor Market Power and Informality in Peru

Francesco Amodio<sup>1</sup>    Pamela Medina<sup>2</sup>    Monica Morlacco<sup>3</sup>

<sup>1</sup>McGill University

<sup>2</sup>University of Toronto

<sup>3</sup>University of Southern California

FIMAD Seminar Series

July 3, 2020

# Introduction

- ▶ Secular trends in high-income countries
  - ▶ Declining labor share of income
  - ▶ Increasing industry concentration

(Autor et al. 2020; De Loecker, Eeckhout and Unger 2020)

- ▶ Evidence of labor market power among US employers

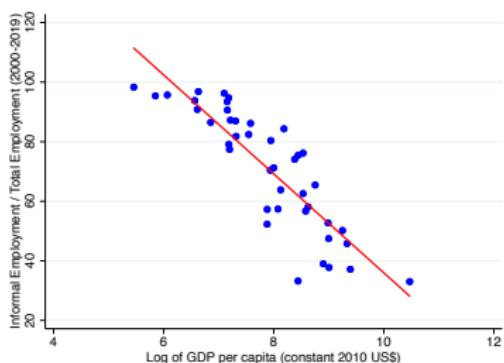
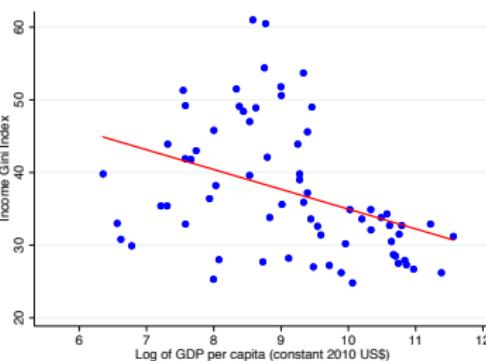
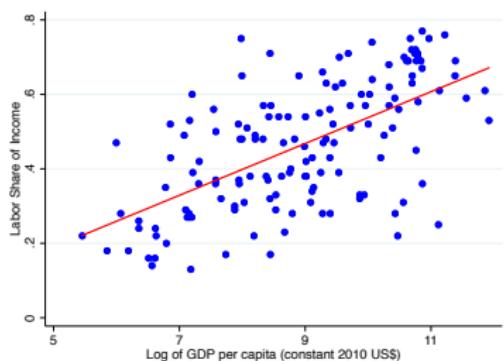
(Benmelech et al. 2019; Azar et al. 2019a, 2019b; Berger et al. 2019)

- ▶ What about labor market power in lower-income countries?
  - ▶ Variation within and across countries over time
  - ▶ Role of informal sector

(Ponczek and Ulyssea 2018; Dix-Carneiro et al. 2019; Brooks et al. 2019)

- ▶ Crucial for industrial policy and inclusive growth
  - ▶ Higher revenue productivity → higher wages?

# Cross-country Evidence



Lower GDP per capita associated with:

- ▶ Lower labor share (Gollin, 2002)
- ▶ Higher inequality
- ▶ Higher share of informal employment

# This Paper

- ▶ Labor market power in Peru
  - ▶ What are its implications for firms and workers?
  - ▶ Does it affect informal sector size and wages?
- ▶ Theoretical Model
  - ▶ Sources of labor market power:
    1. Selection of workers across formal/informal sector
    2. Labor market concentration
  - ▶ Relationship between employment concentration, sectoral size and productivity, wages
- ▶ Empirics
  - ▶ Firm and household-level data (2004-2011)
  - ▶ Variation in employment concentration across local labor markets
  - ▶ Reduced-form evidence supporting the model

## Preview of Results

- ▶ Main findings
  - ▶ Varying concentration across local labor mkts in Peru
  - ▶ Higher labor market concentration:
    1. Lower wages for formal employees
    2. Lower wages for informal, self-empl. workers
    3. Higher informal, self-empl. sector
    4. Average skills decrease both in formal and informal sector
  - ▶ Consistent with Roy model of selection across sectors
- ▶ Contributions
  - ▶ Assessment of labor mkt power in a low-income country
  - ▶ Relationship with and implications for informal sector
  - ▶ Policy counterfactuals (not today)

# Outline

1. Data and Motivating Evidence
2. Model
3. Results
4. Conclusion

## Data Sources (2004-2011)

### 1. *Encuesta Económica Anual (EEA)*

- ▶ Annual survey for manufacturing *formal* firms
  - ▶ Census of medium-large firms (sales > 2 mln SOL)
- ▶ Data on: value added, employees, capital stock, materials
- ▶ Prices and quantities (in progress)

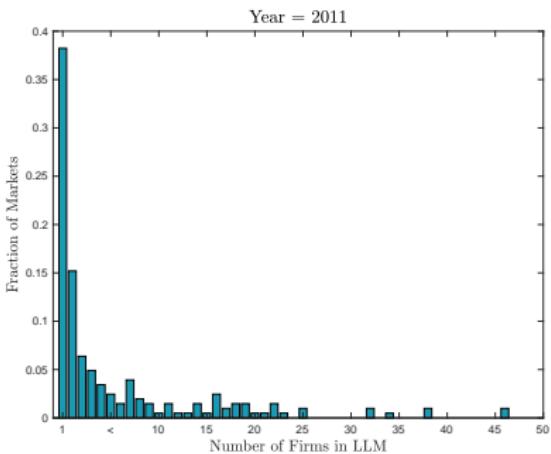
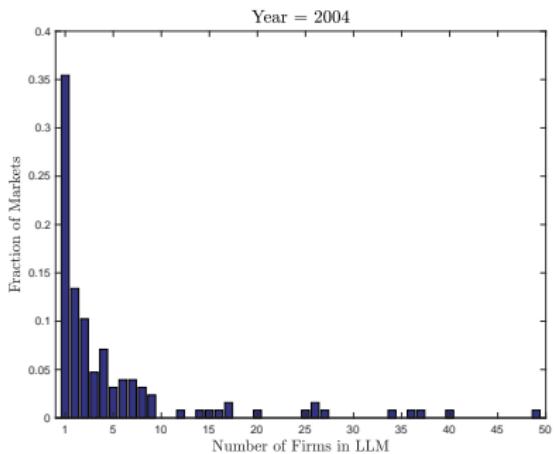
### 2. *Encuesta Nacional de Hogares (ENAHO)*

- ▶ Annual survey of households, representative at national and regional level
- ▶ Main individual demographic characteristics
- ▶ 14+ ys old → working status (formal/informal), industry, occupation

# Measurement

- ▶ Local Labor Market
  - ▶ Industry-location pair
  - ▶ Industry: 2-digit CIIU Rev 3.
  - ▶ Geography: Provinces (except for Lima, where CZ).
- ▶ Informality
  - ▶ Employee without health insurance
  - ▶ Self-employed in a firm that (i) is not registered with tax authority and/or (ii) has less than 5 employees
  - ▶ All family members that are non-paid workers.

# Peruvian Labor Markets (1): Concentration



- ▶ About ~70% of local labor markets have less than 5 firms
- ▶ About ~98% of local labor markets have less than 50 formal firms

## Peruvian Labor Markets (2): Informality

- ▶ High levels of informality
  - ▶ One of the largest in LATAM: in 2007, 80% of employment
  - ▶ Prevalent across geography and industries, but
    - ▶ Higher prevalence in small firms and in self-employment
    - ▶ More concentrated in rural areas/outside main cities
- ▶ Informality is economically important
  - ▶ ~ 19% of Peruvian GDP
- ▶ Substantially reduced labor-market rigidities in the 1990s
  - ▶ Reduction of firing costs
  - ▶ Easier use of temporary contracts, including subcontracting
  - ▶ Crisis of existing unions and weakening of Ministry of Employment.

# Model Overview

## ENVIRONMENT

- ▶ Continuum of labor markets  $k \in [0, 1]$
- ▶ Each market  $k$  has
  - ▶ A fixed number of formal firms  $M_k$
  - ▶ A continuum of heterogeneous workers

## FIRMS

- ▶ Each firm  $i$  has idiosyncratic productivity  $z_{M,i}^k$
- ▶ Produces differentiated good using  $n_{M,i}^k$  efficiency units of labor

$$y_{M,i}^k = z_{M,i}^k n_{M,i}^k$$

- ▶ Today: symmetric equilibrium  $z_{M,i}^k = z = 1, \forall i, k$

# Model Overview

## WORKERS

- ▶ Born with endowment of efficiency units of labor (abilities)
- ▶ One for sector  $M$  (formal), one for sector  $S$  (informal self-empl.)

$$(a_M, a_S) \in \mathbb{R}_+^2 \sim G$$

- ▶ A worker chooses to work in the formal sector iff:

$$a_M W_M^k \geq a_S \tag{1}$$

where  $W_M^k$  is the relative unit wage in sector  $M$

- ▶ Effective aggregate labor supply in sector  $M$  is

$$N_M^k = h(W_M^k) = \int_0^\infty \int_0^{a_M W_M^k} a_M g(a_M, a_S) da_M da_S \tag{2}$$

# Model Overview

## WORKERS

- ▶ Born with endowment of efficiency units of labor (abilities)
- ▶ One for sector  $M$  (formal), one for sector  $S$  (informal self-empl.)

$$(a_M, a_S) \in \mathbb{R}_+^2 \sim G$$

- ▶ A worker chooses to work in the formal sector iff:

$$a_M W_M^k \geq a_S \tag{1}$$

where  $W_M^k$  is the relative unit wage in sector  $M$

- ▶ Effective aggregate labor supply in sector  $M$  is

$$N_M^k = h(W_M^k) = \int_0^\infty \int_0^{a_M W_M^k} a_M g(a_M, a_S) da_M da_S \tag{2}$$

⇒ *Worker selection → upward sloping labor supply ( $\varepsilon(W_M^k) < \infty$ )*

# Model Overview

## DEMAND

- ▶ Representative household solves:

$$U = \max_{\{c_{M,i}\}_i, C_S} \left[ \left( \left( \sum_{i=1}^{M_k} c_{M,i}^{1-\theta} \right)^{\frac{1}{1-\theta}} \right)^{1-\eta} + \beta C_S^{1-\eta} \right]^{\frac{1}{1-\eta}}$$
$$\text{s.t. } p_S C_S + \sum_{i=1}^{M_k} p_{M,i} c_{M,i} = E(W_M^k, G)$$

- ▶ Endogenous income:  $E(W_M^k, g) = W_M^k N_M^k + N_S^k$

## MARKETS

- ▶ Local, Cournot competition for labor
- ▶ Local, Walrasian market for output.

# Equilibrium

- ▶ Firm maximizes profits (revenues - cost):

$$\max_{n_M} R(y_M) - W_M n_M$$

$$\text{s.t. } y_M = n_M$$

$$y_M = \left(\frac{p_M}{P_M}\right)^{-\frac{1}{\theta}} C_M$$

$$W_M = h^{-1}(N_M)$$

- ▶ First order condition:

$$MRPL(n_{M,i}) = W_M \left( 1 + \frac{\partial W_M}{\partial n_{M,i}} \cdot \frac{n_{M,i}}{W_M} \right)$$

# Equilibrium

- ▶ Firm maximizes profits (revenues - cost):

$$\begin{aligned} \max_{n_M} \quad & R(y_M) - W_M n_M \\ \text{s.t.} \quad & y_M = n_M \\ & y_M = \left( \frac{p_M}{P_M} \right)^{-\frac{1}{\theta}} C_M \\ & W_M = h^{-1}(N_M) \end{aligned}$$

- ▶ First order condition:

$$\begin{aligned} MRPL(n_{M,i}) &= W_M \left( 1 + \frac{\partial W_M}{\partial n_{M,i}} \cdot \frac{n_{M,i}}{W_M} \right) \\ &= W_M \left( 1 + \frac{\partial W_M}{\partial N_M} \frac{N_M}{W_M} \cdot \frac{\partial N_M}{\partial n_{M,i}} \cdot \frac{n_{M,i}}{N_M} \right) \end{aligned}$$

⇒ Firms understand the effect of own labor demand on  $N_M$ , and  $W_M$

# Labor Market Power

- ▶ Wages: mark-down below the marginal revenue product of labor

$$W_M = \frac{MRPL_{M,i}}{\psi_{M,i}}$$

- ▶ Mark-down:

$$\psi_{M,i} = 1 + \varepsilon (W_M^k)^{-1} \frac{1}{M_k}$$

# Labor Market Power

- ▶ Wages: mark-down below the marginal revenue product of labor

$$W_M = \frac{MRPL_{M,i}}{\psi_{M,i}}$$

- ▶ Mark-down:

$$\psi_{M,i} = 1 + \varepsilon(W_M^k)^{-1} \frac{1}{M_k}$$

- ▶ Sources of labor market power:
  - ▶ Upward sloping labor supply  $\implies \varepsilon(W_M^k) < \infty$

# Labor Market Power

- ▶ Wages: mark-down below the marginal revenue product of labor

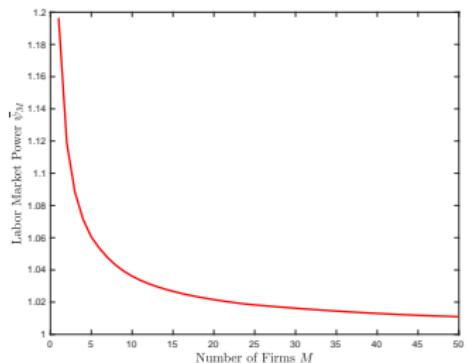
$$W_M = \frac{MRPL_{M,i}}{\psi_{M,i}}$$

- ▶ Mark-down:

$$\psi_{M,i} = 1 + \varepsilon(W_M^k)^{-1} \frac{1}{M_k}$$

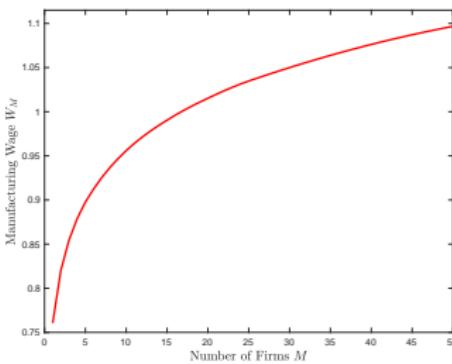
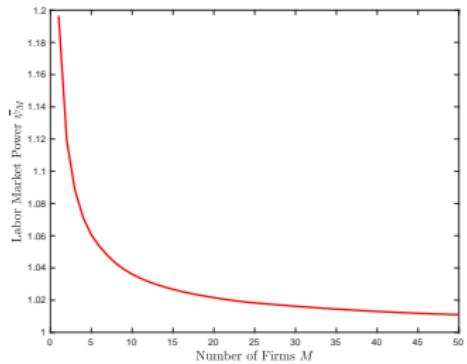
- ▶ Sources of labor market power:
  - ▶ Upward sloping labor supply  $\implies \varepsilon(W_M^k) < \infty$
  - ▶ Labor market concentration  $\implies M_k < \infty$ .

# Comparative Statics (1): Market Concentration and Wages



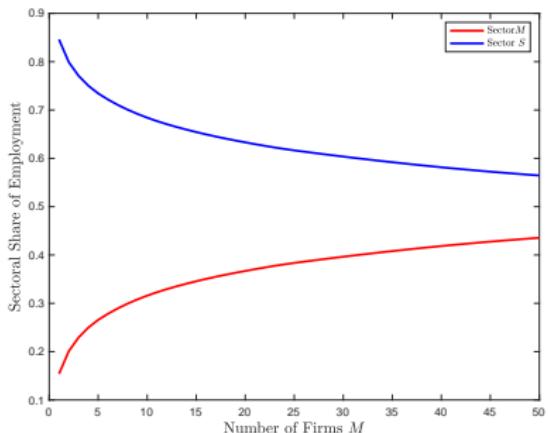
- ▶ In more concentrated markets (when  $M_k$  is lower):
  1. Labor market power is larger

# Comparative Statics (1): Market Concentration and Wages



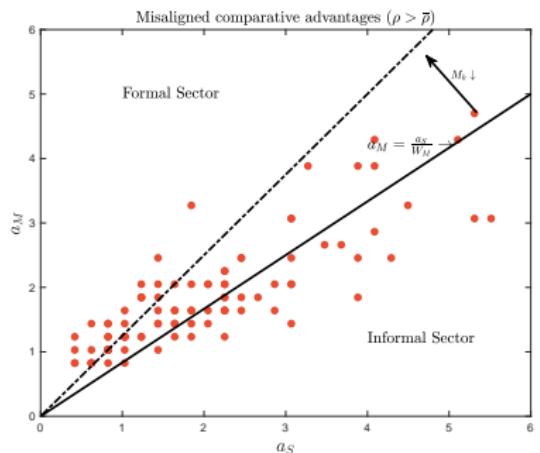
- ▶ In more concentrated markets (when  $M_k$  is lower):
  1. Labor market power is larger
  2. Unit wages are lower

## Comparative Statics (2): Market Concentration and Sectoral Size



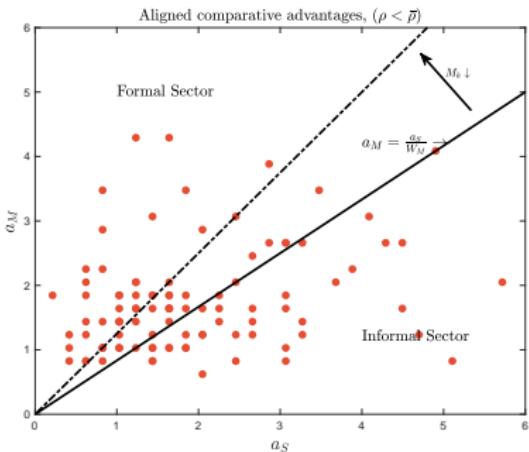
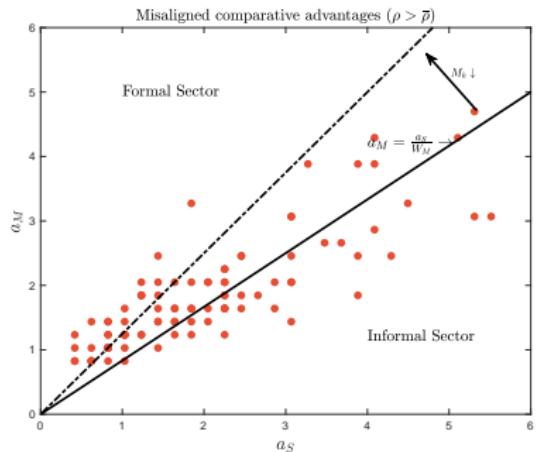
- ▶ As concentration in the formal sector increases ( $M_k \downarrow$ ):
  1. Formal sector shrinks
  2. Informal sector expands

## Comparative Statics (3): Concentration and Sectoral Productivity



- ▶ As labor market concentration increases ( $M_k \downarrow$ ):
  - ▶ Productivity decreases in both sectors if  $\rho > \bar{\rho}$

## Comparative Statics (3): Concentration and Sectoral Productivity



- ▶ As labor market concentration increases ( $M_k \downarrow$ ):
  - ▶ Productivity decreases in both sectors if  $\rho > \bar{\rho}$
  - ▶ Productivity increases in  $M$ , decreases in  $S$  if  $\rho < \bar{\rho}$

(Roy 1951, Heckman and Sedlacek 1985, Lagakos and Waugh 2013, Young 2014, Alvarez-Cuadrado et al. 2020)

## Summary of Model Results

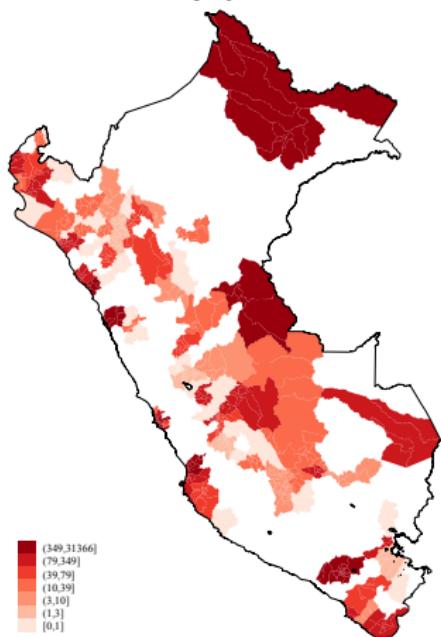
- ▶ Higher concentration  $\Leftrightarrow$  larger labor market power
  - 1. Higher wage mark-down
  - 2. Lower wages in formal sector
  - 3. Smaller (larger) share of formal employment (informal self-employment)
  - 4. Features of ability distribution determine productivity effect, and impact on informal sector wages.

# Summary Statistics by Local Labor Market

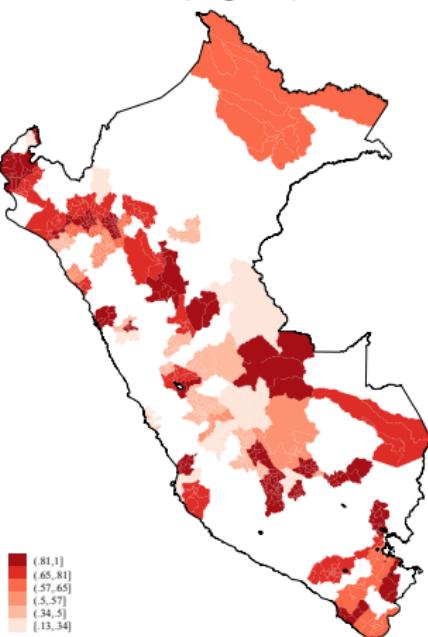
Firm-market-level averages	2004	2011
Firm-level Observations	779	1,535
Total Wage Bill (S/1000)	4099.65	5025.09
Total Firm Employment	150.80	144.43
Wage per Employee (S/1000)	24.67	29.55
Market-level averages	2004	2011
No. of Local Labor Markets	127	204
Wage-bill HHI (Unweighted)	0.63	0.65
Employment HHI (Unweighted)	0.60	0.62
Wage-bill HHI (Weighted)	0.37	0.31
Employment HHI (Weighted)	0.34	0.28
Firms per Market	6.13	7.52
Percent of Employment in Markets with No. Firms < 6 (p10)	35.88	16.66

# Employment and Concentration

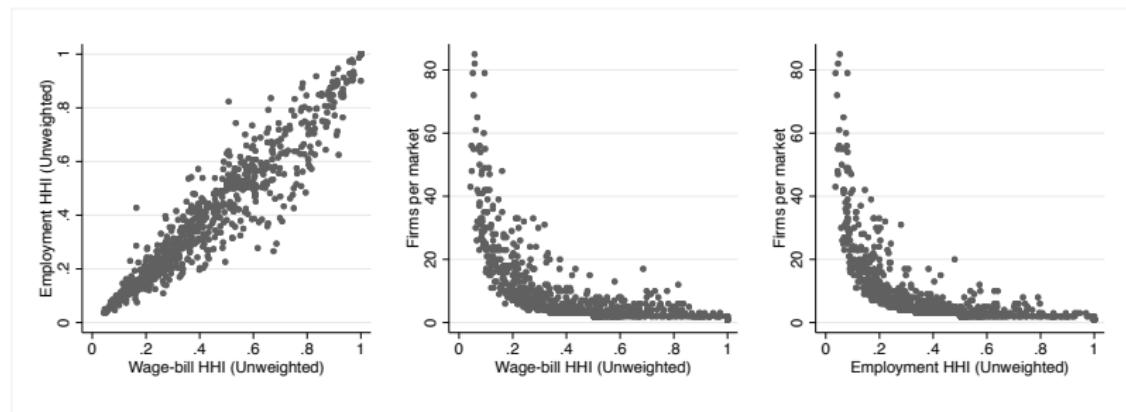
Employment



HHI (Wage Bill)



# Cross-Market Correlations



- ▶ Strong correlation between number of firms, employment HHI and wage-bill HHI

# Firms: Concentration and Firm Characteristics

	Average Wage (log) (1)	No. of Workers (log) (2)	Labor Share (5)	Labor Wedge (log) (7)				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Wage-bill HHI	0.039 (0.026)	-0.039** (0.020)	0.075* (0.044)	0.099** (0.050)	-0.003 (0.006)	-0.003 (0.005)	-0.082 (0.074)	0.014 (0.028)
Industry FE		✓		✓		✓		✓
Year FE		✓		✓		✓		✓
Observations	8118	8118	8121	8121	8126	8126	6518	6518
R <sup>2</sup>	0.003	0.162	0.002	0.060	0.000	0.093	0.003	0.317

Notes. \* p-value<0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. The unit of observation is a manufacturing firm surveyed in EEA in each year. Standard errors are clustered at the local labor market level.

- ▶ Higher concentration
  - ▶ Lower wages
  - ▶ Higher employment
  - ▶ Lower labor share (\*)
  - ▶ Higher labor wedge (\*)

# Workers: Concentration and Self-employment Rate

	Self-employment Dummy (OLS)					
	<i>All Workers</i>		<i>Formal</i>		<i>Informal</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
Wage-bill HHI	0.035** (0.014)	0.035** (0.014)	0.013* (0.007)	0.014* (0.007)	<b>0.051**</b> (0.023)	<b>0.055**</b> (0.022)
Female	0.133*** (0.025)	0.133*** (0.025)	0.001 (0.015)	0.001 (0.015)	0.122*** (0.030)	0.124*** (0.030)
Age	0.010* (0.005)	0.010* (0.005)	0.001 (0.005)	0.001 (0.005)	0.024*** (0.008)	0.023*** (0.008)
Age <sup>2</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Education		-0.002 (0.003)		0.004 (0.003)		0.020*** (0.005)
Industry FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Observations	4775	4775	2379	2379	2395	2395
R <sup>2</sup>	0.165	0.165	0.099	0.100	0.167	0.172

Notes. \* p-value<0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. Standard errors are clustered at the local labor market level.

IV Results

# Workers: Concentration, Wages and Selection

	Log of Wages (OLS)					
	Employed Formal			Self-employed Informal		
	(1)	(2)	(3)	(4)	(5)	(6)
Wage-bill HHI	-0.173*** (0.060)	-0.165*** (0.060)	-0.086* (0.044)	-0.445** (0.198)	-0.362** (0.167)	-0.330** (0.156)
Female		-0.234** (0.092)	-0.273*** (0.077)		-1.523*** (0.140)	-1.504*** (0.136)
Age		0.057*** (0.019)	0.046*** (0.016)		0.021 (0.049)	0.010 (0.049)
Age <sup>2</sup>		-0.001** (0.000)	-0.000* (0.000)		-0.000 (0.001)	-0.000 (0.001)
Education			0.263*** (0.016)			0.145*** (0.032)
Industry FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Observations	2010	2010	2010	897	897	897
R <sup>2</sup>	0.249	0.263	0.420	0.174	0.263	0.280

Notes. \* p-value<0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. Standard errors are clustered at the local labor market level.

# Workers: Concentration and Skills by Sector

Employed	Education (OLS)					
	Formal			Informal		
	(1)	(2)	(3)	(4)	(5)	(6)
Wage-bill HHI	-0.183 (0.124)	-0.239*** (0.090)	<b>-0.233**</b> (0.115)	<b>-0.280***</b> (0.105)	-0.169 (0.124)	-0.149 (0.103)
Industry FE		✓		✓		✓
Year FE		✓		✓		✓
Observations	3205	3204	2011	2010	1194	1194
R <sup>2</sup>	0.005	0.084	0.008	0.065	0.005	0.089
<b>Self-employed</b>						
Wage-bill HHI	-0.334** (0.132)	-0.247** (0.117)	-0.333* (0.178)	-0.093 (0.334)	<b>-0.291**</b> (0.128)	<b>-0.240**</b> (0.118)
Industry FE		✓		✓		✓
Year FE		✓		✓		✓
Observations	1068	1067	170	169	898	897
R <sup>2</sup>	0.013	0.132	0.016	0.149	0.010	0.133

Notes. \* p-value< 0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. Standard errors are clustered at the local labor market level.

## Conclusion (Preliminary)

- ▶ Labor market power in Peru
  - ▶ Theoretical model to inform empirical analysis
  - ▶ Highlights role of sorting into formality/informality
  - ▶ Firm and worker-level data to test model predictions
- ▶ Findings
  - ▶ Labor market power affects both formal and informal sector
  - ▶ Average skill level changes consistent with Roy model of selection across sectors
  - ▶ Robust to IV that uses nation-wide growth rate in concentration by industry
- ▶ Feedback needed
  - ▶ Robustness: role of inter-sectoral linkages?
  - ▶ How to think about informal sector: non-tradable?
  - ▶ Interesting counterfactual policy analysis?

Introduction  
○○○○○

Data and Motivating Evidence  
○○○○

Model  
○○○○○○○○○○

Results  
○○○○○○○

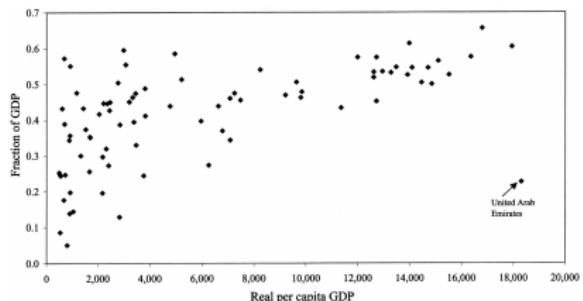
Discussion  
○●

Appendix  
○○○○○○○○○○

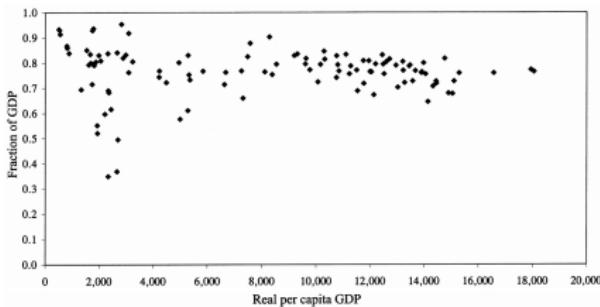
Thank You!

[morlacco@usc.edu](mailto:morlacco@usc.edu)

# Getting Income Shares Right (Gollin 2002)



Using employee compensation

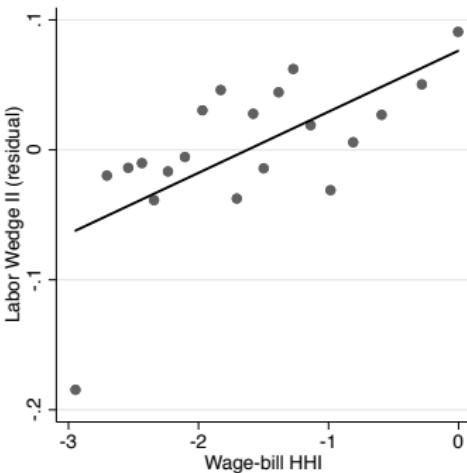
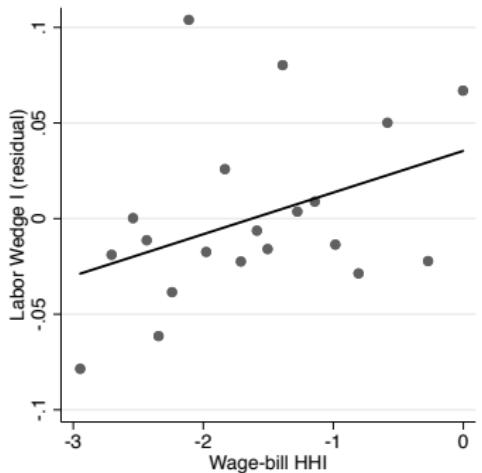


Accounting for self-employed and other entrepreneurs

- ▶ Lower employee income share in low-income countries

Back

# Concentration and Labor Wedge (residual net of firm FE)



Back

## IV Strategy

- ▶ Bartik-style instrument:

$$\text{IV HHI}_{jrt} = HHI_{jrt_0} \cdot g_{jt}$$

where:

- ▶  $HHI_{jrt_0}$  : HHI in industry  $j$ , region  $r$  at time  $t_0$
- ▶  $g_{jt}$  : growth of nationwide HHI in industry  $j$ , from  $t_0$  to  $t$ .
- ▶ **Exclusion restriction:** national concentration trends do not affect local wages, except through impact on local concentration.

Back

# Workers: Concentration and Wages

	Log of Wages (OLS)							
	<i>All Workers</i>				<i>Formal</i>		<i>Informal</i>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Wage-bill HHI	-0.150 (0.113)	-0.207*** (0.066)	-0.189*** (0.065)	-0.121** (0.052)	-0.150** (0.063)	-0.074 (0.048)	-0.178** (0.083)	-0.141* (0.076)
Female				-0.640*** (0.084)	-0.609*** (0.068)	-0.249*** (0.087)	-0.283*** (0.072)	-0.668*** (0.108)
Age				0.073*** (0.018)	0.058*** (0.016)	0.064*** (0.021)	0.051*** (0.019)	0.065** (0.027)
Age <sup>2</sup>				-0.001*** (0.000)	-0.000*** (0.000)	-0.001** (0.000)	-0.000 (0.000)	-0.001** (0.000)
Education					0.269*** (0.014)		0.265*** (0.019)	0.200*** (0.019)
Industry FE		✓		✓		✓		✓
Year FE		✓		✓		✓		✓
Observations	4273	4271	4271	4271	2180	2180	2091	2091
R <sup>2</sup>	0.005	0.176	0.214	0.311	0.196	0.332	0.155	0.201

Notes. \* p-value< 0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. Standard errors are clustered at the local labor market level.

# Concentration and Wages

	Log of Wages (IV)							
					<i>Formal</i>		<i>Informal</i>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Wage-bill HHI	-0.340** (0.147)	-0.359*** (0.089)	-0.337*** (0.086)	-0.236*** (0.068)	-0.306*** (0.093)	-0.201** (0.078)	-0.257*** (0.093)	-0.202** (0.081)
Female			-0.632*** (0.083)	-0.604*** (0.067)	-0.250*** (0.087)	-0.284*** (0.072)	-0.661*** (0.105)	-0.656*** (0.095)
Age			0.072*** (0.018)	0.058*** (0.016)	0.064*** (0.021)	0.051*** (0.019)	0.065** (0.026)	0.056** (0.026)
Age <sup>2</sup>			-0.001*** (0.000)	-0.000** (0.000)	-0.001** (0.000)	-0.000 (0.000)	-0.001** (0.000)	-0.000 (0.000)
Education				0.265*** (0.014)		0.261*** (0.018)		0.198*** (0.019)
Industry FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
Observations	4273	4271	4271	4271	2180	2180	2091	2091

Notes. \* p-value< 0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. Standard errors are clustered at the local labor market level.

[Back](#)

# Concentration and Self-employment Rate

	Self-employment Dummy (IV)					
	All Workers		Formal		Informal	
	(1)	(2)	(3)	(4)	(5)	(6)
Wage-bill HHI	0.045** (0.018)	0.045** (0.018)	0.009 (0.012)	0.011 (0.013)	0.053* (0.028)	0.059** (0.027)
Female	0.133*** (0.025)	0.132*** (0.025)	0.001 (0.015)	0.001 (0.015)	0.121*** (0.029)	0.124*** (0.029)
Age	0.010* (0.005)	0.010* (0.005)	0.001 (0.005)	0.001 (0.005)	0.024*** (0.008)	0.023*** (0.008)
Age <sup>2</sup>	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Education		-0.002 (0.003)		0.004 (0.003)		0.020*** (0.005)
Industry FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Observations	4775	4775	2379	2379	2395	2395

Notes. \* p-value<0.1; \*\* p-value<0.05; \*\*\* p-value<0.01. Standard errors are clustered at the local labor market level.

Back

# Concentration, Wages and Selection

	Log of Wages (IV)					
	Employed Formal			Self-employed Informal		
	(1)	(2)	(3)	(4)	(5)	(6)
Wage-bill HHI	-0.326*** (0.080)	-0.318*** (0.078)	-0.198*** (0.065)	-0.530*** (0.199)	-0.488*** (0.178)	-0.449*** (0.167)
Female		-0.234** (0.092)	-0.273*** (0.077)		-1.507*** (0.134)	-1.490*** (0.130)
Age		0.057*** (0.019)	0.046*** (0.016)		0.018 (0.048)	0.008 (0.049)
Age <sup>2</sup>		-0.001** (0.000)	-0.000* (0.000)		-0.000 (0.001)	-0.000 (0.001)
Education			0.259*** (0.015)			0.142*** (0.032)
Industry FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Observations	2010	2010	2010	897	897	897

Notes. \* p-value < 0.1; \*\* p-value < 0.05; \*\*\* p-value < 0.01. Standard errors are clustered at the local labor market level.

Back

# Concentration and Skills by Sector

Employed	Education (IV)					
	Formal			Informal		
	(1)	(2)	(3)	(4)	(5)	(6)
Wage-bill HHI	-0.369*** (0.124)	-0.394*** (0.096)	-0.369*** (0.128)	-0.425*** (0.114)	-0.353*** (0.132)	-0.256* (0.141)
Industry FE		✓		✓		✓
Year FE		✓		✓		✓
Observations	3205	3204	2011	2010	1194	1194
Self-employed						
Wage-bill HHI	-0.484*** (0.181)	-0.277* (0.167)	-0.145 (0.262)	0.332 (0.388)	-0.453** (0.183)	-0.316* (0.161)
Industry FE		✓		✓		✓
Year FE		✓		✓		✓
Observations	1068	1067	170	169	898	897

Notes. \* p-value < 0.1; \*\* p-value < 0.05; \*\*\* p-value < 0.01. Standard errors are clustered at the local labor market level.

Back