

Table 2: The effect of worker quality on the probability that a worker was matched to a new machine

	(1)
	Machine-worker assignment
Log residual wage in 1989	2.63*** (0.645)
Age	0.231** (0.100)
Age squared	-0.004*** (0.001)
Tenure (years)	0.051*** (0.015)
Number of observations	519
Pseudo- $R^2$	0.233
Standard deviation of the residual wage	0.128
Mean dependent variable	0.299

Notes: Dependent variable: 1 if the worker is assigned to a new machine, and 0 otherwise. Sample: person-years for continuing workers employed in the plant in 1989. Estimation: Probit. The residual wage was measured by regressing log payments by results in 1989 on age, age squared and type of machine fixed effects. Standard errors (in parentheses) are calculated from a 200-repetition bootstrap. Coefficients significantly different from zero at 1, 5 and 10 percent are marked by \*\*\*, \*\* and \*, respectively.