



Halle Institute for Economic Research
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IWH Research Seminar in Economics

Monday, May 28, 2018, 2.15pm–3.45pm, conference room, Leipziger Straße 100



Labor Market Imperfections, Markups and Productivity in Multinationals and Exporters

Professor Sabien Dobbelaere, Vrije Universiteit Amsterdam

(together with Kozo Kiyota, Keio Economic Observatory, Keio University and RIETI)

This paper examines the links between the internationalization mode of firms and market imperfections in product and labor markets. We develop a framework for modelling heterogeneity across firms in terms of (i) product market power (price-cost markups), (ii) labor market imperfections (workers' bargaining power during worker-firm negotiations or firm's degree of wage-setting power) and (iii) revenue productivity. We apply this framework to analyze whether the pricing behavior of firms in product and labor markets differs across firms that engage in different forms of internationalization. Engagement in international activities is found to matter for determining not only the type of imperfections in product and labor markets but also the degree of imperfections. Clear differences in behavior between firms that serve the foreign market either through exporting or through FDI are observed. ([read more](#))

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