## THE GREAT RECESSION: IMPACT IN LABOUR MARKET PERFORMANCE

(III) Wages and sectoral productivity: a change in production model?

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<b>MOTIVATION</b> Isolate the impact of the <i>Great Recession</i> , distinguishing the specific productivity transmission mechanism to salaries in each sector, and incorporating also the territorial dimension.		Form two groups of regions for each sector, depending on whether productivity growth is above or below national average.	
		Observe the differences in productivity-salary relationship between dynamic and retarded regions and sectors.	
METHODS		MAIN RESULTS	
-Stationarity and Cointegration Analysis for panel data:		✓ Evidence of "imitation effect" in dynamic sectors.	
KARAVIAS & TZAVALIS (2014), WESTERLUND (2007), CHUDIK & PESARAN (2015).		<ul> <li>Closer linkage between salaries and evolution of labour productivity in retarded sectors.</li> </ul>	
-Common Correlated Effects Mean Group (CCEMG) estimation: heterogeneous error correction model for panel data [GEGENBACH, URBAIN & WESTERLUND (2015)]		✓ Prevailing dynamics in wage formation keep on preventing productivity gains from being translated into increases in employment levels. Little have changed after the Great Rec.	
$\boldsymbol{w}_{it} \rightarrow$ real salaries (dep. variable).		Evolution of labour productivity - National	Evolution of real salaries - National average
$\Pi_{it}$ $\rightarrow$ labour productivity (sectoral factors).		average - (1955-2018)	(1955-2018)
$wa_{it} \rightarrow alternative salary (exogene lab. market factors).$		12,0000000	11
$\alpha_0 \rightarrow$ error correction term		9,000000	2
$\Delta w_{it} = \alpha_0 (w_{it} - \beta_1 \Pi_{it} - \beta_2 w a_{it}) + \beta_3 \Delta \Pi_{it} + \beta_4 \Delta w a_{it} + \varepsilon_t$		8,0000000 7,000000 6,0000000	
OBJECTIVES		(11) 110 110 110 110 110 110 110 110 110	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)
□ Identify the existing wage determination mechanism in Spain,		—— Tit (Va) —— Tit (Vb) —— Tit (Vc) —— Tit (VI)	wit (Va) wit (Vb) wit (Vc) wit (VI)
taking into account both the territorial (17 autonomous		MAIN REFERENCES	
•	(8 sectors according with RegData	•BANDE, R., FERNÁNDEZ, M. & MONTUENGA, V. (2007). "Regional Disparities in the Unemployment Rate: The Role of Wage-setting Mechanism in Spain, 1987-92". Regional Studies, vol. 41.2, pp. 235-251.	
,	leading role played in this process		
by collective bargaining on working conditions.		•DE LA FUENTE, A. & RUIZ AGUIRRE, P. (2020). "Series largas de VAB y empleo regional por sectores, 1955-2018. RegData_Sect_FEDEA-BBVA (v5.0_1955-2018)". Estudios sobre la	
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