Labor Supply Externalities, by Aletheia Donald and Florian Grosset

Updates to the registered design, March 2022

Preliminary results from the hiring experiment implemented at the agri-processing company (pre-registered on July 30, 2020) suggest that job applicants value working together with their peers.

We indeed find that potential job applicants are more likely to take-up the offered job when they are informed that both (i) some of their peers are also being offered a job and (ii) that they will be working at the same hours as those peers.

If workers value working together with their peers, then there could also be peer effects in attendance within the factory. We intend to test for this hypothesis, in partnership with the agri-processing company.

Specifically, we will first conduct a mapping of the existing networks within the factory. We will focus on the four sections within the factory in which absenteeism is prevalent. We will survey all workers within those sections, to elicit who their peers are. We will elicit the names of different types of peers, including (i) the workers with whom they commute, (ii) the workers with whom they have joint leisure outside work, (iii) the workers with whom they have joint leisure at work, (iii) the workers from whom they learn. For each of their peers, we will also know whether the worker knew them before they started working at the factory, or whether they formed the link while at work.

We will then combine this network mapping with factory records on attendance (and productivity, if available) at the worker-day level, to estimate peer effects in attendance. The main specification used will be a linear-in-means specification, with worker and time fixed effects.

We will estimate peer effects for different definitions of 'peers', allowing us to shed light on the mechanisms underlying the peer effects in attendance.

Given the potential for common shocks inducing correlation in peers' attendance, we will incentivize the attendance of workers within the factory. Specifically, in each period, subsets of workers will be randomly selected to receive bonuses based on their attendance level – thereby being incentivized to increase their attendance. Due to equity concerns, all workers will be incentivized during the same amount of time over the course of the implementation – but the periods at which they will be incentivized will randomly vary.

This will induce random variation across time and workers in the attendance of their peers, which we will use to identify peer effects in attendance.

We expect to survey 800 workers at the factory; and to incentivize workers' attendance over 2 months.