



**UNIVERSITÀ DEGLI STUDI
DI CAGLIARI**

Economics Seminars

Friday 12 April 2024 at 12:00

Aula Magna Edificio Baffi

Facoltà di Scienze Economiche Giuridiche e Politiche - Viale Sant'Ignazio 74

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***The Impact of Strenuous Working Conditions on
Labour Market and Health Outcomes***

with A. Ahammer and F. Degenhardt



Abstract. Some jobs are more strenuous or less pleasant than others, either because of unfavorable working environments, high physical demand, or irregular working hours. Such job characteristics are highly relevant to a substantial proportion of the workforce in many sectors. For example, night work affects 14% of EU workers. In theory, workers should be compensated for adverse working conditions through higher wages. However, the empirical evidence on the extent of compensating wage differentials is ambiguous when it comes to strenuous work. Moreover, the (long-term) health consequences have potential hidden costs for workers, which are understudied in the literature. The aim of this paper is to estimate the causal earnings and health effects of working in strenuous jobs using rich administrative data for a large sample of Austrian workers over more than 20 years. Based on detailed individual information for a sample of the entire private sector working population, we document selection problems into and out of strenuous jobs that strongly bias the estimation of earnings and health outcomes. We then circumvent these by exploiting large-scale plant closures. This allows us to estimate the causal earnings and health effects of working in strenuous jobs to reveal the benefits and hidden costs of strenuous work. Our preliminary results suggest that workers are compensated for strenuous working conditions with a substantial wage premium of about 17% on average, but also experience significant negative health effects, reflected in about 7% higher health expenditures in the medium term. Our study is the first to estimate the causal earnings and health effects and thus to reveal the trade-off for workers in strenuous jobs.