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Title: Knowledge Spillover and Individual Careers

Abstract: Through social interaction in the workplace, workers are likely to learn from each other. One well known challenge to identifying knowledge spillover effects is selection of workers into workplaces. Another, usually ignored, but equally important confounding factor are competition effects, where exposure to better peers may lead to positive knowledge spillovers, but also to disadvantage if workers compete for career opportunities. In this paper, we address both these challenges. Based on German matched-employer employee data covering the universe of employees, our analysis investigates whether unskilled workers derive long-term career benefits if they were exposed during their first job to high-quality apprenticeship graduates in the same workplace. We find evidence for competition effects, but also positive long-run effects, which hold after leaving the initial firm and conditional on the quality of future peers. Moreover, effects are up to three times larger if the initial occupation has high skill content and task complexity.