
Organizational change and employee labor market outcomes

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Abstract

This paper exploits a natural experiment in the form of a substantial Danish municipal reform where municipalities were merged into new, fewer, and larger municipalities. Exploiting a rich register data set, I analyze the impact of municipal mergers on employee wages, job change and exit to early retirement. Results indicate that mergers were associated with an increase in the probability of early retirement for older employees, but also higher wages and reduced job exits for younger workers. Moreover, there is considerable heterogeneity in the age distribution of the effects on wages and job exits.

Keywords: empirics

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