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# International Labour Review

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### 355 **Educational mismatches of newly hired workers: Short- and medium-term effects on wages**

Isabel ARAÚJO and Anabela CARNEIRO

This paper examines the short- and medium-term effects of over- and undereducation on individual wages using a matched employer–employee dataset from 1998 to 2012 and a novel measure of educational mismatch based on the flows of newly hired workers. The findings reveal that the wage differential between adequately matched and mismatched workers decreases substantially once the unobserved heterogeneity of the worker and the firm is considered. Workers' unobserved characteristics explain a large proportion of both the overeducated wage penalty and the undereducated wage premium. Additionally, variations in firms' pay policies contribute to the wage gap among mismatched workers. Finally, findings show that job mismatches have the greatest impact on early-career individuals' wages.

Keywords: educational mismatches, overeducation, undereducation, wages, fixed effects.

### 385 **Gender wage gap trends in Europe: The role of occupational skill prices**

Ezgi KAYA

This paper explores gender wage gap trends by assessing the role of changing wage returns to occupational skills, brains (i.e. cognitive and interpersonal skills) and brawn (i.e. motor skills and physical strength). Using harmonized data for six European countries and comparable data for the United States, this paper finds substantial variation in the impact of occupational skill prices across countries. However, in all countries in the sample, a considerable portion of the change in the gender wage gap cannot be explained by changes in occupational skill prices.

Keywords: gender wage gap, occupational skills, brains, brawn.

407 **One hundred years of dynamic minimum wage regulation: Lessons from Australia, the United Kingdom and the United States**

Reg HAMILTON and Matt NICHOL

Since the first minimum wage legislation was introduced in Australia, the United Kingdom and the United States in the early 1900s, minimum wage regulation has attracted controversy. Opponents of minimum wages use market theory to defend their position, while supporters justify state intervention based on principles of equity and social good. This article examines how these two ideological positions have influenced the fixing of wages, and the ensuing results. As little comparative research exists on the origins, evolution and current systems of minimum wage regulation in the three countries, this article aims to address the gap in the literature.

Keywords: wage regulation, minimum wage, living wage, comparative study, history, Australia, United Kingdom of Great Britain and Northern Ireland, United States of America.

431 **Inequality and informality revisited: The Latin American case**

Verónica AMARANTE and Rodrigo ARIM

Despite the striking presence in many developing economies of the two distinctive features of high levels of income inequality and significant informal employment, the literature addressing the relationship between these features is scarce, especially for Latin America. In this paper, we highlight the ambiguous relationship between inequality and informality by identifying the various factors that may affect it. We then empirically test this relationship using panel data pertaining to Latin America between 1990–2018. In these context-specific conditions, our findings reveal a positive association between formalization in the labour market and labour income equality.

Keywords: informality, income inequality, Latin America.

459 **Labour disputes in contexts of trade union fragmentation and pluralism: An empirical analysis of the case of Chile**

Pablo PÉREZ AHUMADA and Gino OCAMPO

The number of strikes in Chile has increased substantially since the late 2000s. This article analyses this development from the point of view of a key aspect of the Chilean model of industrial relations: trade union pluralism. Drawing on a representative survey of private sector companies, the authors estimate logistic regression models indicating that trade union pluralism significantly increases the probability of strike action. The analysis does not, however, indicate that the positive effect of trade union pluralism can be explained by inter-union competition, as is suggested in some of the international literature.

Keywords: trade unions, dispute, strike, trade union pluralism, collective bargaining, labour relations, Chile.

481 **Trade unions and income inequality: Evidence from a panel of European countries**

Roberta MONTEBELLO, Jonathan SPITERI and Philip VON BROCKDORFF

This article examines the relationship between trade unions and rising income inequality observed in advanced economies in recent decades. The role of trade unions in addressing increasing income inequality has been overlooked in empirical studies, despite its theoretical ambiguity. The baseline empirical model, estimated for 26 European countries from 2005 to 2018, specifies income inequality as a function of the trade union density rate, its squared value, and a set of control variables. Labour market institutions, other than unions, are incorporated into the model to assess the distributional effects of union density within the entire institutional framework. The authors find that union density has a statistically significant and persistent inverted U-shaped relationship with income inequality.

Keywords: income inequality, trade unions, labour market institutions, Europe.

505 **Collective bargaining in domestic work and its contribution to regulation and formalization in Italy**

Marlene SEIFFARTH

Collective bargaining relating to domestic work is a rare occurrence and its contributions to regulation and formalization have not yet been addressed by the literature. Italy has one of the highest numbers of domestic workers in Europe and is one of the few countries with a national collective bargaining agreement. Trade unions and associations of family employers have been negotiating agreements since 1974. Based on expert interviews, the results of the present qualitative study suggest challenges and limitations to the collective bargaining process in domestic work in question, but also an ongoing formalization of non-standard work in an occupation where employment is expanding and dominated by women migrant workers, due to collective bargaining and the commitment of the social partners.

Keywords: collective bargaining, domestic work, regulation, formalization, Italy.

**Book reviews**

529 ***Labor in the Age of Finance: Pensions, Politics, and Corporations from Deindustrialization to Dodd-Frank***

by Sanford M. Jacoby.

Reviewed by Virginia DOELLGAST

533 ***Race, Gender and Contemporary International Labor Migration Regimes. 21st-Century Coolies?***

by Leticia Saucedo and Robyn Magalit Rodriguez.

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