



The Public Defense
of the Doctoral Thesis in Economics
by

Kinga Marczell

on

Essays on Health and Employment Outcomes

will be held on
Monday, January 14, 2019 at 10:00 a.m.

in

Quantum Room (101), Nádor 15
Central European University
Nádor street 9, H-1051 Budapest, Hungary

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The doctoral thesis is available for inspection
at the CEU Department of Economics and Business.

Abstract

This thesis encompasses three empirical studies from the intersection of labor economics, health economics and behavioral economics. The first two chapters are related to sick benefit schemes. Chapter 1 uses a legislative change in the sick benefit replacement rate to identify the effect of the level of sickness insurance on take-up, and the effect of sick benefit take-up on employees' and their colleagues prospective health outcomes. Chapter 2 documents the empirical observation, that pregnant women spend less time on sick leave when their supervisor is a parent – a suggestive evidence for parent supervisors providing working conditions to mother-to-bes that incentivize them to keep working longer. The third chapter, co-authored with Gergely Hajdu, investigates the effect of a health shock on managers' employment outcomes and employment practices.

Chapter 1: The Real Price of Saving on Sickness Benefits: Effects on Employees' and their Colleagues' Health Outcomes

Using a Hungarian linked employer-employee dataset containing health information, and a change in the sickness benefit scheme, I estimate the elasticity of sick leave take-up with respect to the benefit replacement rate. Using this as an instrument, I quantify the effect of sickness insurance on individuals' health outcomes, and on their co-workers' health outcomes. According to my results, benefit take-up decreased significantly as a result of the administrative decrease in replacement rates. The elasticity of sickness benefit take-up with respect to the replacement rate is 1.3 around the legislation change used for identification. However, I find no evidence for this decrease in sick benefit take-up raising prospective health expenditures, meaning that there is no evidence for an increase in presenteeism for the average worker. I find colleagues' health outcomes to be unaffected as well.

Chapter 2: You Make Me Sick: The Link Between Mother-to-bes' Sick Benefit Take-up and Their Employers' Parental Status

Using a linked employer-employee dataset, I show that pregnant women spend 11 days less on sick leave during their pregnancy if their superior is a parent. I interpret this result as a suggestive evidence of two phenomena. First, the length of sickness leave before giving birth is not entirely decided by health related factors, as it should be the case according to the legislation, but is, instead, heavily influenced by the mother-to-be's and her employer's decisions. Second, parent supervisors provide working conditions to mother-to-bes that incentivize them to keep working longer. To ensure that the results are not driven by a self-selection issue of employees with a tendency for higher sick leave take-up avoiding parent leaders, I carry out a

placebo test, and find that the parental status of leaders has no effect on the sick leave take-up of male employees.

Chapter 3: The Effect of Managers' Health Shocks on Employment Practices joint with Gergely Hajdu

We investigate the effect of managers' health shocks on the separation rate of their employees. Our hypothesis is that previous illness experience of division leaders at a company may affect their attitudes towards employees. To test our hypothesis, we measure changes in the separation rate of employees assigned to managers before and after the managers' illness episodes. Our results show that employee separation rate increases in the manager's employee pool after the manager's illness by 8%, a phenomenon mostly driven by an increase in the number of dismissals, as opposed to an increase in the number of employees leaving the firm voluntarily. We provide a descriptive analysis of managers' own employment outcomes as well. We find that adverse employment effects are present even four years after the illness episode. While 18.23% of previously ill managers has no job by this time, the corresponding ratio is only 13.02% for the control group, and this difference is almost entirely coming from the difference in their likelihood of having a manager position. Conditional on staying at the firm, managers' wage decreases by 13.4% following the year of illness, compared to the wage evolution of their matched healthy counterparts.

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EDUCATION

- expected: **Central European University**, Budapest, Hungary
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- 2009 **IMF Financial Policies and Programming Distance Learning Course**,
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- 2005 **Marseille – Aix-en-Provence University of Law and Economic Sciences**,
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One semester in the Faculty of Applied Economics
- 2007 **Corvinus University Budapest**, Budapest, Hungary
MA in Economics
Major in Macroeconomic Analysing and Forecasting
Minor in Managerial Decisions

RESEARCH AND WORK EXPERIENCE

- Feb 2015 – **Central European University**, Budapest, Hungary
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- Nov 2016 – **Fiscal Responsibility Institute Budapest**, Budapest, Hungary
Aug 2016 economic analyst
- Dec 2012 – **Hétfa Research Institute**, Budapest, Hungary
Jan 2013 external contributor
- Jun 2009 – **Fiscal Council, Republic of Hungary**, Budapest, Hungary
Sep 2010 economist
- Nov 2008 - **Permanent Representation of Hungary to the European Union**, Brussels,
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- Mar 2007 - **Ministry of Finance, Budget Department**, Budapest, Hungary
May 2009 Economist
- Sep 2005 - **OTP Bank NyRT, Center of Macroeconomic Research**, Budapest,
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TEACHING EXPERIENCE

Applied Econometrics, Central European University, teaching assistant (2012, 2013)

Fiscal Policy, College for Advanced Studies in Social Theory, lecturer (2011-2012)

HONORS AND SCHOLARSHIPS

Write-up Grant for Doctoral Students, Central European University (2018)

Fellowship of the Review of Economic Studies (2017)

Doctoral Fellowship, Central European University (2010-2013)

Erasmus Scholarship (2005)

Scholarship of the Hungarian Republic (2004-2005)

POLICY CONTRIBUTIONS

“*Transparency in monetary policy*” [in Hungarian], *Hitelintézeti Szemle*, 2007/3.

“*How to introduce result oriented budgeting in Hungary – a proposal*” (with Balázs Romhányi), *Public Finance Quarterly*, July 2005

SKILLS

Languages: Hungarian – native, English – fluent, French – advanced

Computer: MS Office, Eviews, SPSS, MATLAB, EViews, Stata, LaTeX