

Research Statement

Eric S. Hoyt
Department of Economics
University of Massachusetts Amherst

The focus of my current research is on the labor-market impact of wrongful discharge doctrines. Wrongful discharge doctrines have been linked to changes in employment, productivity, the use of temporary workers, and job finding rates. While revisiting the impact on employment and wages, my analysis adds to this literature by investigating the impact of these laws on union density. To do this, I have updated the legal adoption data from the 1970s to the present, while developing an institutional account of the adoption, repeal, and restriction of wrongful discharge laws.

My job market paper, **“The Impact of Adoption of Wrongful Discharge Laws on Union Density: 1983-2014,”** utilizes variation in the time and location (i.e. state) of adoption of wrongful-discharge court doctrines in the U.S. as natural experiments to examine the impact of employment protection on union membership and union coverage outcomes. This comprises the first empirical analysis of this topic to date. I find that adoption of one wrongful discharge law in particular, the implied contract doctrine, is associated with small but consistent increases in union density, driven by increases in union membership and coverage levels. The impact is greatest for the private sector, manufacturing industry, and younger male and female workers with less than college education. This paper proposes that the implied contract doctrine boosts union density by lowering the cost of seeking union membership and coverage. This suggests that employment protection policies may foster greater equity in labor market outcomes by age and sex, as well as serve as a counterweight to the pressures undermining union density over this period. It may be that these policies, passed during a period of steep union decline and deindustrialization in the United States, helped stem losses in union membership and coverage, while fostering greater age and gender equity.

My second paper, entitled **“The Impact of Wrongful Discharge Laws on Employment and Wages Distributions: 1978-2014”**, employs quantile regression methods to assess the distributional impacts on wages and employment of the adoption of wrongful discharge doctrines. My research investigates earlier findings regarding disemployment effects for those with less pre-treatment labor market participation. Autor et. al. (2006) suggest their finding of no significant impact on wages, when theory predicts downward wage pressure following policy adoption, may indicate that wrongful discharge doctrines increase worker bargaining power. I explore the impact of wrongful discharge laws across the wage distribution to assess the role of bargaining power, in so far as workers with higher pre-treatment wages may be better positioned to make use of wrongful discharge laws in ceding wage gains from employers.

Finally, in my third paper, **“The Impact of the Restriction of Wrongful Discharge Laws on Labor Markets”**, I date the adoption of employee handbook disclaimers, which in many states create a clear defense for employers against the use of the implied contract doctrine and investigate their impact on employment, wages, and union density. I also discuss the growing trend of states passing statutes explicitly aimed at restricting wrongful discharge court doctrines. These statutes were all passed in response to growth in wrongful discharge case jury awards in states, and have the aim of stabilizing and reducing the costs to employers from successful implementation of common law employment protections. These statutory restrictions narrow the interpretation of wrongful discharge doctrines. They also lessen the damages

associated with the implied contract and public policy doctrines, and in some case completely bar usage of the good faith doctrine. I identify the supporters and opponents of these restrictions, their motivations leading up to policy change, and the impacts these policies have, if any, on employment, wages, and other labor market outcomes. This research is an important check on the validity of previous findings, since, assuming that initial policy adoption is binding on employment and wages, restriction of wrongful discharge doctrines should result in a reverse impact on these outcome variables. Results to the contrary would help in evaluating, at the very least, whether restrictions to wrongful discharge laws have their intended consequence of lessening firing costs, as exhibited by any increases in employment or wages following policy change.