

## **On employment and wages decisions of worker cooperatives and capitalist firms: new econometric evidence for a developing country**

### **Abstract**

The following article presents new econometric evidence on comparative behaviour between worker cooperatives and capitalist firms, identifying differences in wage and employment responses. The research exploits a comprehensive panel data set that covers the universe of cooperatives and their capitalist counterparts registered in social security records in Uruguay from April 1996 to December 2005. The analysis of employment and wage evolution in both types of enterprises suggests that there may be different mechanisms of adjustment to sectorial-idiosyncratic price changes and macroeconomic shocks. The data set also allows us to estimate wages and employment variations for cooperative's members and employees separately. The results of the comparison are analysed in the light of theoretical explanations and institutional characteristics of the cooperatives' development in Uruguay. The findings are broadly consistent with other studies for Italian and plywood northwest U.S. cooperatives. The importance of this research owes to the fact that comparative empirical studies of this kind are in general rare, particularly for developing countries.

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