

Drivers of Effort: Evidence from Employee Absenteeism ^{*}

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Abstract

We use detailed information on individual absent spells of all employees in 2,600 firms in Denmark to document large differences across firms in average absenteeism. Using employees who switch firms, we decompose absent days into an individual component (e.g., motivation, work ethic) and a firm component (e.g., incentives, corporate culture). We find that the firm component explains a large fraction of the difference in absenteeism across firms. We present suggestive evidence of the mechanisms behind the firm effect. After controlling for selection of employees into firms, family firm status and concentrated ownership are strongly correlated with decreases in absenteeism. Taken together the evidence supports the importance of firm level mechanisms in eliciting effort from existing employees.

Keywords: family firms; organizational structure; employee effort

JEL Classification: