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I study the effect of labor management, that is the majority ownership of a firm by its employees, on a host of firm-level outcomes. I exploit high-quality administrative matched employer-employee data from Italy for the period 2005-2021. I address issues of endogeneity of firm type choice (labor managed or conventional) by focusing on worker buy-outs (WBOs), that is transitions from conventional ownership to labor management. The richness of the data allows me to compare WBO firms to firms that are similar and also undergo a restructuring but remain conventionally owned. I provide evidence that the common trends assumption is met for a large number of outcomes. I find that weekly wages decrease by about 10%, but not when accounting for profit redistribution. Within-firm inequality decreases: wage cuts are larger at the top of the within-firm distribution and smaller at the median and bottom. I further show that this reduction comes from different wage policies, and not from changes in worker composition. My results are consistent with theories about worker cooperatives and with previous empirical results. Moreover, I show that there is a strong short run disemployment effect but not in the long run. I do not find evidence that worker cooperatives are less productive.