spending separately and exclude union density from specifications (7) and (8) since it's strongly correlated with other country-level variables (negative correlation below –0.9 for Austria).

We find robust significantly negative effects of globalisation, measured by intermediate import penetration and outward FDI on the wage share in specifications (1) to (6), while the effect of the variables accounting for technological change is not robust and does not always have the expected sign: total capital stock as a ratio to value added is insignificant in all specifications while when capital is disaggregated as ICT and non-ICT capital, ICT capital services as a ratio to value added has a negative effect and non-ICT capital services as a ratio to value added has a positive effect. With regard to the control variables at the country level, we find a positive but not robust effect of union density, while social government spending turns out to be insignificant for the determination of the wage share in Austria. We furthermore include two specifications augmented by additional variables measuring migration, financialisation and person income inequality.[53] Among our financialisation variables, household debt and financial income and payments are significantly negative and robust to changes in the sample when the first difference estimator is applied. Furthermore we find positive effects of the share of migrant workers in total labour force and negative effects of the Gini coefficient although the statistical significance of these two variables varies.

Besides robustness tests using different estimation techniques and different measures of the wage share as described in section 3, we estimated our specifications for different sub-pools, i. e. only manufacturing or only service sectors, as well as for high- and low skilled sectors within manufacturing and services separately. This not only allows us to test the robustness of our results, but at the same time provides insights with regards to the variables that have potentially contrasting effects for manufacturing and services or across skill groups. However, since our cross sections are limited to 20 sectors for the 1-digit level estimations the estimations across skill groups can only provide indicative evidence.

5.1 Globalisation

Among our globalisation variables intermediate import penetration appears to have a negative impact on the wage share across all skill groups within the manufacturing sectors given that it is negative and significant for high and low skilled sectors alike. In the services sectors our data for intermediate import penetration is limited to one sector (recycling), but our results for the total economy are robust to the exclusion of this sector. This finding is also robust when different estimation methodologies are used. Intermediate import penetration is significant in specifications (1) to (3)

when estimated in first differences. The fact that intermediate import penetration has a robust negative effect across all skill groups suggests that outsourcing of intermediate production may have harmed blue and white collar workers alike in Austria.

Outward FDI, equally negative and robust in our estimation for the total sample as intermediate import penetration, appears to have different effects across industry types. It has a negative and statistically significant effect in manufacturing as a whole as well as in low skilled manufacturing sectors, but the effect turns positive in high skilled manufacturing when the financialisation variables are included. For total service sectors its overall effect is positive for all specifications and statistically significant for specification (4). Although this effect appears to be driven mainly by high skilled services sectors, outward FDI is not robust to the inclusion of financialisation variables and switches its sign. Our measure of FDI is the variable for which we are most concerned about non-stationarity as our unit root test indicate that it is likely to be integrated of order one. Therefore we prefer to rely on the estimations in first differences for the analysis of outward FDI. In these specifications, FDI has the same negative effect for total manufacturing sectors while it is positive but statistically insignificant for total services. While the effect of FDI in manufacturing is driven by high and low skilled sectors alike when measured in first differences, the positive sign in services is not present for any of the sub-samples of high or low skilled service sectors. Generally, it is plausible that there is a skill bias creating a higher demand for high skilled labour through outward FDI if it is of a vertical (cost-seeking) nature. It is also plausible that this effect is less strong in non-tradable service sectors with a more horizontal market seeking nature. Other mechanisms like the threat effects associated with a change in the fall back options for capital and labour are also expected to be less important for high skill labour and services than low-skill labour and manufacturing.[54] Our results confirm the different effects for services and manufacturing, although the fact that we fail to find a positive effect for high skilled manufacturing or a robust positive effect for high skilled services suggest that the potential beneficial effects are outweighed by the threat effects or substitution effects even for high skilled workers.

The share of migrant workers in total labour force has a robust and positive effect on the wage share for the manufacturing sectors and the total pool as is robust to different estimation methods. For service sectors the coefficient is insignificant with the exception of high skilled services where migration becomes significant. The positive sign suggests that migrant workers are on average complementary to domestic workers in Austria, thereby increasing the productivity and the wage share.

To sum up there is strong evidence of a negative effect of globalisation on the wage share in Austria. This effect is realised via an increase in inter-

mediate imports and outward FDI and affects all sectors and skill groups with the potential exception of service sectors in the case of FDI. The negative effect of globalisation does not result from the increase of the migrant share of the labour force – on the contrary migration has a positive effect in Austria which points to the fact that migrant workers are complementary to domestic workers.

5.2 Technology

Our technology variables aim to capture the effect of skill-biased technological change on the wage share. We fail to find evidence for the mainstream hypothesis that technological change will decrease the wage share of low skilled workers and increase it for high skilled workers.[55] Indeed for Austria technological change embodied in the accumulation of ICT capital exercises a negative effect on workers in both the skilled and unskilled industries, although the effect is not robust in all samples. This finding is in line with the development of the wage share in Austria which shows a negative trend for all skill groups for manufacturing and service sectors alike, while the share of ICT capital also increased across all sectors. Curiously, the share of non-ICT capital has a positive effect on the wage share in most specifications, highlighting its labour augmenting nature, while it becomes insignificant in some other specifications. Again, no structural difference can be seen for the effect on high or low skilled industries.

A further interesting highlight of our findings indicate that ICT and non-ICT capital services become insignificant when included in an estimation with country-level financialisation variables, while some of our financialisation variables are significant for manufacturing industries applying the within estimator. The results also hold for estimations in first differences especially with respect to ICT capital, the main measure for skill-biased technological change.[56] This result appears to be similar to EC (2007) who report that variables for technological change are not robust to the inclusion of time effects. Our country-level variables are similar to period fixed effects given that they are the same across sectors and differ by year, but they carry much more specific information than a general time effect. Stockhammer (2015) also find that financial globalisation is the main driver of the wage share based on panel data estimations using country level (not sectoral) data. However, these results can only be seen as indicative and require further analysis, preferably with measures of financialisation at the level of disaggregation of the dependent variable, which can be done only using firm level data as in Guschanski and Onaran (forthcoming). Interestingly, we obtain the same effect when we use wages and salaries as a ratio to value added as a dependent variable. This alternative dependent variable, which is equal to our wage share excluding social security contribu-