

## Finance Seminar



### **Dr. Paige Ouimet**

**Professor of Finance**

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North Carolina**

### **For Better or Worse? The Economic Implications of Paid Sick Leave Mandates**

**Friday, December 3, 2021 | 10:30—noon**

#### **Bio**

Paige Ouimet has several research projects looking at income inequality and the role of firms. She also has researched ESOP (employee share ownership plans) and employee stock options and their impact on labor productivity, wages and turnover. Her research agenda is concentrated at the juncture of finance and labor economics. She is interested in how decisions studied in finance impact employee stakeholders – specifically how those effects are reflected in firm performance and, hence, corporate finance decisions. Her work has been published in the American Economic Review, Journal of Finance, Review of Financial Studies and Journal of Financial Economics. Dr. Ouimet worked at The Center for Clean Air Policy, an independent, nonprofit think tank working on climate and air quality policy at the local, U.S. national and international levels. She received her PhD and MBA from the Ross School of Business at the University of Michigan and her BA from Dartmouth College.

#### **Abstract**

Public calls for a national paid sick leave policy continue to grow in the United States. In the absence of a federal policy, many localities and states enacted their own paid sick leave mandates. We document an average increase of 1.9% in employment following the implementation of a local paid sick leave policy. As predicted, workers with ex ante lower access to paid sick leave drive the employment effect, a result which holds with county-quarter fixed effects. Several non-mutually exclusive mechanisms can explain our findings. Following the implementation of a mandatory paid sick leave policy, we find a decline in labor turnover which has implications for labor productivity and, hence, labor demand. We also find results consistent with an increase in the labor supply. Finally, paid sick leave mandates are associated with an increase household income, creating positive spillover effects on local markets and greater demand for local goods and services.