Revision of "The Impact of Military Work Experience on Later Hiring Chances in the Civilian Labour Market. Evidence from a Field Experiment" | **Detailed Answers to Referee Report #1**

We sincerely thank the referee for his/her constructive comments, helping us to improve the quality of our manuscript. Below one can find systematic and detailed responses to the points raised in the referee report. The original comments of the referee are in italics and shaded in grey.

I think that the paper is well written and is clear in form. The research question is clearly formulated and I think the empirical method is in accordance with previous studies. A general comment is that the paper lacks a solid foundation in the defence economics literature. I get the impression that the authors are not foremost interested in defence economics but see military experience as a nice topic for an experimental study.

Response:

Although in fact both authors are very interested in defence economics – one of them is affiliated with the Royal Military Academy, the military university of Belgium – and the present study was reviewed by Prof. dr. Wally Struys, a Belgian expert in defence economics, we agree that the core field in which our paper fits is not defence economics but rather labour economics – the first author's main research field – as it deals with the transition from one labour market to another and with the economics of labour market discrimination. Therefore, the keyword "economics of defence" in the submitted manuscript was misleading. In the revised version of our paper we changed it into "transitions in the labour market".

Furthermore, we believe that the focus of the paper's literature review, albeit a review of studies related to labour market outcomes of former military and not a broader (or deeper) foundation in defence economics, is the right one in order to come to the research question as answered by our experiment.

My comments on the paper are listed below. 1) The authors state that previous studies suffer from selection bias and that studying employment chances instead of wages is therefore fruitful. I do not understand this argument.

Response:

Studies focussing on wage differentials may suffer from the non-random selection into employment of civilian and (former) military job applicants. Therefore, wage regressions may understate the full effects of unequal treatment based on military experience by leaving out the fact that individuals with or without this experience might be barred from even earning a wage. See for instance Weichselbaumer (2003) an elaboration on the problems related to wage regressions in the context of hiring discrimination (with an application to unequal treatment based on sexual orientation). We added some clarifications to the revised version of the paper.

Furthermore, there are several studies that make use of register data in a way that training/service effect can be identified. This is poorly discussed in the paper. 2) The authors state that researchers using non-experimental data have less information compared to employers that make hiring decisions. I don't fully agree with this description. A number of studies use extensive register data covering education, grades, parental characteristics, enlistment test, etc.

Response:

Some of the articles we refer to indeed make use of extensive high-quality (register) data allowing to control for important dimensions of individual heterogeneity. However, some important characteristics that are used by employers when making their hiring decisions are not covered by these data. Therefore, individuals who look, based on these data, very similar to the researcher may be very different from the employer' point of view. I refer to two important dimensions that are not covered in the non-experimental data used by former contributions. First, these data do not provide the researcher with information on personality traits while economists have been identifying evidence for a personality premium, indicating positive roles for conscientiousness (Mueller and Plug, 2006), emotional stability (Uysal and Pohlmeier, 2011) and openness to experience (Heineck, 2011). Related, typical unobserved characteristics that do matter are general ability and motivation. Second, these data do not provide the researcher with information on physical appearance. Following the seminal work by Hamermesh and Biddle (1994), economists have been assessing the beauty premium in the labour market (see, for

example, Andreoni and Petrie, 2008; Fletcher, 2009). If one of these characteristics are correlated with the civilian/military background of employees, inference based on non-experimental data suffers from an omitted variable bias and is therefore not causal.

3)One concern is whether they can state that there is no difference between civil and military experience? I guess that there are many applications for each vacancy and there is no information about other applicants and their characteristics. This must introduce some bias in the results? The active troops consist of approximately 30,000 men. Consequently, the share of men within a cohort with military experience should be relatively small? I'm not so familiar with the experimental literature but maybe this should be discussed?

Response:

Actually, we do not argue that there is no difference between civil and military experience. In contrast, in the first paragraph of our introduction we argue how the (former) civilian/military environment could affect (later) productivity (outcomes). We then raise the question whether, due to this reasons, there is unequal treatment in hiring based on this experience in Belgium.

We do not see how the fact that the share of men with a military experience is smaller than the share without such an experience could bias our results. The only thing we are interested in, is whether candidates with a military background have, on average, a higher chance on a job interview for a civilian job than candidates with a civilian background. Correspondence tests are the golden standard to identify this information (Riach and Rich, 2002). In these tests aimed at identifying discrimination in the labour market researchers have always sent out the profile of a majority candidate and the profile of a minority candidate to the same vacancy. See for instance the American Economic Review article by Bertrand and Mullainathan reporting on a test in which the profiles of white (majority) and black (minority) candidates are sent out in the US (Bertrand and Mullainathan, 2004).

4) Overall, regarding the large literature on military experience and labour market outcomes, I do not think the paper makes a significant contribution to the literature and I think it's questionable whether the paper should be published.

Response:

We do believe that our contribution is significant in at least three aspects.

First, this paper is the first to compare directly the impact of regular military work experience and that of civilian work experience in similar jobs on the chances of being hired thereafter. Therefore it is the first to inspect the effect of one of the three possible ways to acquire military experience (war experience, conscription and regular work experience) on later civilian labour market outcomes.

Second, from a methodological point of view our contribution is, given its experimental nature, important in line with our responses to the referee's points 2) and 3). In our paper we refer to two other experimental studies on the returns of military experience, but they are both focused on war experience. So, if one is willing to believe that the impact of military experience on later employment outcomes is relevant (based on the journals in which former contributions on this topic are published we think this is the case) and that inference based on experimental data is a nice complement to the inference based on non-experimental data, then one has to conclude that our contribution is substantial.

Third, to the best of our knowledge, all studies on the relationship between military experience and subsequent (civilian) employment chances (as opposed to wages) and also all studies using experimental data to investigate the effects of military experience on later labour market outcomes have been conducted in the United States. We provide the first evidence in these two respects for Europe. This is particularly relevant in the light of the differential confidence levels regarding the armed forces in the two regions.

References:

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