

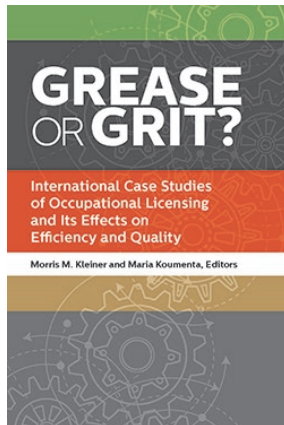


W.E. UPJOHN INSTITUTE

FOR EMPLOYMENT RESEARCH

300 South Westnedge Ave. ♦ Kalamazoo, MI 49007
(269) 343-5541 ♦ Fax (269) 343-7310 ♦ Email: wyrwa@upjohn.org

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CONTACT: RICH WYRWA



GREASE OR GRIT?

International Case Studies of Occupational Licensing and Its Effects on Efficiency and Quality

Morris M. Kleiner and Maria Koumenta, Editors

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KALAMAZOO, Mich.—Over the past two decades, research has shown that occupational licensing (OL) plays a major and growing role in labor markets. Entry regulations on occupations that are imposed by OL impact the quality and cost of services in ways that are becoming increasingly clear. Morris M. Kleiner has been at the forefront of research on the impacts of OL in the U.S. labor market, and now he joins with coeditor Maria Koumenta to present a set of case studies on the impacts of OL that include selected European nations.

In ***Grease or Grit? International Case Studies of Occupational Licensing and Its Effects on Efficiency and Quality***, Kleiner and Koumenta present a half-dozen case studies that, together, show how regulations imposed by OL either enhance (grease) or diminish (grit) the efficiency of labor markets. This book expands the available knowledge of OL and furthers our understanding of the connection between OL and service quality. Included are:

“Introduction and Overview,” by Morris M. Kleiner. In the introductory chapter, Kleiner describes the rationale for the book, explains the costs and benefits of occupational regulation, and provides a preview of each of the chapters.

“Occupational Licensing Outcomes in the Face of Technological Change: Ridesharing in London and Dublin,” by Morris M. Kleiner. Regulations on ridesharing firm Uber are different in the cities of London and Dublin. Kleiner exploits these differences to determine whether varying levels of regulation influence quality measures such as pricing, customer satisfaction, and safety. Kleiner also discusses the difference in technology required to enter the taxi and ridesharing occupations.

“Tougher Licensing Requirements and Quality Outcomes: Driving Instructors in the United Kingdom,” by Maria Koumenta and Mark Williams. The authors provide evidence showing that the changes made by the government requiring driving instructors to be licensed in the U.K. failed to result in any improvement in service quality and may have increased the cost of driving lessons.

“Pharmacists in Italy,” by Eva Pagano, Mario Pagliero, Emanuele Pivetta, and Lorenzo Richiardi. In Italy, pharmacies and their locations are under the purview of strict government regulations. The authors examine these regulations and relate them to selected population health outcomes.

“Deregulation of the Legal Profession in Poland: A Trade-off between Market Growth and Professionalism?” by Piotr Bialowolski and Michal Masior. Deregulation of the legal profession occurred in Poland in the 2000s. Entry restrictions, experience requirements, and the passing score on the bar exam were all relaxed. Therefore, between 2005 and 2015 the number of legal advisors in Poland doubled. The authors determine that the reduction in licensing requirements greatly benefited consumers of legal services.

“Restrictions on Health Care Profession Scope of Practice: Do They Help or Harm Patients?” by Kihwan Bae and Edward Timmons. Bae and Timmons examine whether expanding scope of practice for health service professionals impacts the quality of care received by patients. By using geographic and occupational correlations they find signs that providers being able to work independently from physicians appears to improve the quality of care with no measurable influence on prices.

“Testing Licensing and Consumer Satisfaction for Beauty Services in the United States,” by Darwyn Deyo. The author looks at the effect of licensing on quality for makeup artists and shampooers, two beauty service occupations not licensed in every state. Making use of this variation, Deyo finds that licensing requirements do not significantly increase consumer satisfaction and may, in fact, have a negative impact on quality.

“Concluding Thoughts and Policy Recommendations,” by Maria Koumenta. Koumenta provides a summary of the results found in each of the book’s case studies. Taken together, she says, reducing licensing requirements and therefore expanding the number of service providers or competition did not negatively impact service quality. In summary, she says the book shows that licensing is indeed more grit than grease in driving efficiency and quality.

Morris M. Kleiner is a professor at the Humphrey School of Public Affairs, and he teaches at the Center for Human Resources and Labor Studies, both at the University of Minnesota–Twin Cities. Maria Koumenta is an assistant professor of labor economics at Queen Mary, University of London, and a senior research fellow at the Knee Center for the Analysis of Occupational Regulation.

Grease of Grit? International Case Studies of Occupational Licensing and Its Effects on Efficiency and Quality, Morris M. Kleiner and Maria Koumenta, editors, is published by the W.E. Upjohn Institute for Employment Research. September 2022. 172 pp. \$20 paper 978-0-88099-686-0 / ebook 978-0-88099-687-7 / Opinions expressed are solely those of the authors. Contact: Rich Wyrwa.