"Job Search Behavior among the Employed and the Non-Employed"

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Job Search Behavior among Employed and Non-Employed

1. Employed fare much better than unemployed
   - *Search efficiency:* double the effort, 12% less offers
   - *Quality current job:* 33% lower wage (less hours, less benefits)
   - *Quality best offer:* 42% lower wage
   - *Quality accepted offer:* 54% lower wage
2. Unemployed much more likely to accept offers, despite worse quality
   - *Reservation wage* 33% lower
   - Often accept their only offer
3. Not negative selection, but unemployment 'penalty'
4. Models need *differential search efficiency* and *differential wage offer distributions* to match the 'relevant facts'

Discussion

- Fantastic new dataset
- A lot of new facts
- Quibbles
  - with the data
  - with the (interpretation of the) results
- What did we learn?
  - from your model
  - about labor market models

Quibbles with the data

- Match with the CPS
  - Can we identify heads of household in the CPS?
  - We need standard errors

Table 1. Summary Statistics, SCE Labor Supplement vs. Current Population Survey

	SCE Labor (2013-15)	*Current Population Survey* (2013-15)
Labor Force Status		
Employment-Population Ratio	0.761	0.707
Unemployment Rate (BLS Definition)	8.0	5.7
Labor Force Participation Rate	82.7	75.0
Demographics		
Percent Male	48.9	49.1
Percent White	72.5	77.4
Percent Married	65.5	52.3
Percent with College Degree	32.9	30.6
Percent aged 18-39	35.0	47.1
Percent aged 40-59	49.7	43.3
Percent aged 60+	15.2	9.6

Note: Estimates come from authors' tabulations from the SCE Labor Supplement or the Current Population Survey (CPS) for October 2013, 2014, and 2015. Both samples are for ages 18 to 64. The SCE is restricted to heads of households only.

Quibbles with the data

- Match with the CPS
  - Can we identify heads of household in the CPS?
  - We need standard errors
- Who are the unemployed / non-employed?
  - Unemployment rate much higher than in CPS
  - NILF do not search at all
  - Discouraged workers? NE flows?
  - Are some of your unemployed classed as NILF in the CPS?

Table 2. Basic Job Search Statistics by Labor Force Status

	Employed	Unemployed	Out of Labor Force
Percent that actively searched for work	23.3	99.5	2.1
	(0.9)	(0.6)	(0.7)
Percent that actively searched and available for work	14.2	99.5	0.0
	(0.7)	(0.6)	(0.0)
Percent reporting no active search or availability, but would take job if offered	6.1	0.3	6.0
	(0.5)	(0.4)	(1.1)

Quibbles with the results

- Are hours a good measure of job quality?
  - High-wage offers offer high hours as well
    (43 for employed, 37 for non-employed)
  - But desired hours are much lower (34 for both groups)
  - Compensating differential?

Quibbles with the results

- Are hours a good measure of job quality?
- Not negative selection, but unemployment 'penalty'
  - Controlling for observable worker and firm characteristics, differences fall 'somewhat' (33% $\longrightarrow$ 15% lower wage)
  - Difference in the wages of previous jobs are small and insignificant

Quibbles with the results

- Are hours a good measure of job quality?
- Not negative selection, but unemployment 'penalty'
- Why not use unemployment duration?
  - Do you have duration in your data?
  - If there is an unemployment penalty, does it increase with duration?
  - Duration dependence: selection or 'true'?

What did we learn (about models)?

- Models need *differential search efficiency* and *differential wage offer distributions* to match the 'relevant facts'
  - Offer acceptance rate of employed
  - Replacement ratio
  - Wage dispersion (mean-min ratio)
- Intuition for these results
  - Unemployed do not sacrifice option value of search if accept offer: *increase* search efficiency and *improve* wage offers
  - Therefore they are eager to accept offers
  - Do not need low replacement ratio to explain low unemployment rate
  - Can sustain large wage differences: even low-wage job is a big improvement over unemployment

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- Models need *differential search efficiency* and *differential wage offer distributions* to match the 'relevant facts'
- Intuition for these results
  - Unemployed do not sacrifice option value of search if accept offer: *increase* search efficiency and *improve* wage offers
  - Therefore they are eager to accept offers
- What did we learn about unemployment?
  - Model is about matching and inequality, unemployment is due to low labor demand, which is exogenous
  - But we learn that unemployed are not 'picky' Discredits theories explaining unemployment from generous benefits?