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Life satisfaction of employed, labour market tightness and matching efficiency

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1.-Stylized facts

2.- Hypotheses

3.- Estimation Strategy

4.- Data

5.- Results

1.-Stylized facts

Negative impact of **unemployment rate** on SWB even on employed workers (Blanchflower et al 2014, Di Tella et al 2001, 2003).

More **protected** employees are less affected (Leuchinger et al 2010).

Temporary contracts are more affected (Theodossio and Vasileiou 2007, Origo and Pagani 2009, Böckerman et al 2011).

The job uncertainty and the **fear of losing** their jobs is identified to have strong negative influence over workers' SWB (Guzi and Pedraza 2014).

Individuals with the better **reemployment probabilities** reduce job insecurity which has a positive impact on SWB(Dickerson and Green 2012, Silla 2009).

2.- Hypotheses

-The characteristics of the **matching process** are potentially important determinants of SWB

-Active **employed job seekers** (afraid of loosing or unsatisfied) go beyond unemployment levels

-Vacancies/job seeker ***(θ)***

-Higher matching efficiency ***(λ)***

$$LS = f(personal, work, U, \theta, \lambda)$$

3.- Estimation Strategy (Di Tella et al 2001)

STEP 1

$$(1)\ LS_{jit} = \sum Personal_{jit} + \varepsilon_i + \gamma_t$$

$$(2)\ LS_{jit} = \sum Personal_{jit} + \sum Work_{jit} + \varepsilon_i + \gamma_t$$

Measure of k (LS2).

STEP 3

LS1=f(U, θ, θ', λ')

LS2=f(U, θ, θ', λ')

STEP2

– Measur

$$Log\ (H_{s,t}) = \beta_0 \log(\lambda') + \beta_1 log(U_{s,t-1}) + \beta_2\ log(X_{s,t-1}) + \beta_3 \log(V_{s,t-1}) + \omega_t$$

- Labor market tightness
  - *θ=V/U*
  - *θ'=V/active employed job seekers*

4.- Data

The measure of **SWB** is obtained from Wage Indicator (Guzi and Pedraza 2015, Kureková et al 2015).

Matching function we use data from the Labour Force Survey (LFS) and the Netherlands' Central Bureau of Statistics (CBS).

5.- Results

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variables	$LS1_{it}$	$LS1_{it}$	$LS1_{it}$	$LS2_{it}$	$LS2_{it}$	$LS2_{it}$
Unemployment rate	-6.151***	-5.596***	-6.970***	-5.543***	-5.403***	-6.368***
	(1.122)	(1.369)	(1.420)	(1.043)	(1.273)	(1.328)
V/U		0.024	-0.057		0.006	-0.051
		(0.034)	(0.042)		(0.031)	(0.039)
V/employed job seekers			0.067***			0.047**
			(0.021)			(0.020)
λ'	0.093	0.091	0.124**	0.056	0.055	0.078
	(0.059)	(0.059)	(0.060)	(0.055)	(0.055)	(0.056)
Constant	0.466***	0.422***	0.504***	0.431***	0.420***	0.478***
	(0.095)	(0.113)	(0.114)	(0.088)	(0.105)	(0.107)
Observations	373	373	373	373	373	373
R^2						

Conclusions

1-Unemployment.- strong and positive

2-V/U.- No effect

3-V/employed job seekers.- positive

4-λ'.- only when not accounting for working conditions

5- 3+4 maybe worry about bargaining power rather than reemployment

Thank you very much!