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


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 \((\theta)\)

- Higher matching efficiency \((\lambda)\)

\[ LS = f \text{(personal, work, } U, \theta, \lambda) \]
3.- Estimation Strategy (Di Tella et al 2001)

**STEP 1**

(1) $\text{LS}_{jit} = \sum \text{Personal}_{jit} + \varepsilon_i + \gamma_t$

(2) $\text{LS}_{iit} = \sum \text{Personal}_{iit} + \sum \text{Work}_{iit} + \varepsilon_i + \gamma_t$

**STEP 2**

- Measure of life satisfaction not explained by personal (LS1) and work (LS2).

**STEP 3**

- Measure of matching efficiency

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

- Labor market tightness
  - $\theta = V/U$
  - $\theta' = V/active employed job seekers$
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

<table>
<thead>
<tr>
<th>Dependent variables</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>( LS_{1it} )</td>
<td>( LS_{1it} )</td>
<td>( LS_{1it} )</td>
<td>( LS_{2it} )</td>
<td>( LS_{2it} )</td>
<td>( LS_{2it} )</td>
</tr>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>-6.151***</td>
<td>-5.596***</td>
<td>-6.970***</td>
<td>-5.543***</td>
<td>-5.403***</td>
<td>-6.368***</td>
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<tr>
<td></td>
<td>(1.122)</td>
<td>(1.369)</td>
<td>(1.420)</td>
<td>(1.043)</td>
<td>(1.273)</td>
<td>(1.328)</td>
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<tr>
<td><strong>V/U</strong></td>
<td>0.024</td>
<td>-0.057</td>
<td>0.006</td>
<td>-0.051</td>
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<tr>
<td></td>
<td>(0.034)</td>
<td>(0.042)</td>
<td>(0.031)</td>
<td>(0.039)</td>
<td></td>
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</tr>
<tr>
<td><strong>V/employed job seekers</strong></td>
<td>( \lambda' )</td>
<td>( \lambda' )</td>
<td>( \lambda' )</td>
<td>( \lambda' )</td>
<td>( \lambda' )</td>
<td>( \lambda' )</td>
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<tr>
<td><strong>V/employed job seekers</strong></td>
<td>0.093</td>
<td>0.091</td>
<td>0.124**</td>
<td>0.056</td>
<td>0.055</td>
<td>0.078</td>
</tr>
<tr>
<td></td>
<td>(0.059)</td>
<td>(0.059)</td>
<td>(0.060)</td>
<td>(0.055)</td>
<td>(0.055)</td>
<td>(0.056)</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>0.466***</td>
<td>0.422***</td>
<td>0.504***</td>
<td>0.431***</td>
<td>0.420***</td>
<td>0.478***</td>
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<tr>
<td></td>
<td>(0.095)</td>
<td>(0.113)</td>
<td>(0.114)</td>
<td>(0.088)</td>
<td>(0.105)</td>
<td>(0.107)</td>
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<td><strong>Observations</strong></td>
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<td>373</td>
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<td><strong>R²</strong></td>
<td></td>
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</tbody>
</table>
Conclusions

1- Unemployment.- strong and positive

2- V/U.- No effect

3- V/employed job seekers.- positive

4- $\lambda'.$- only when not accounting for working conditions

5- 3+4 maybe worry about bargaining power rather than reemployment
Thank you very much!