Job Search Behavior among the Employed and Non-Employed

December 2015

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Introduction

- There is a lot we do not know about job search
  - Among unemployed, little known about offers, acceptance rates
  - Even less known about on-the-job search: search incidence, search effort
  - Same is true about informal search methods (unsolicited employer contacts, referrals)

- Much of what we do not know is important for theories of labor market search and matching
  - Search effort, differences in effort by labor force status
  - Methods, frequency of employer contacts
  - Job offers and acceptance rates; reservation wages
  - History dependence of job search outcomes

What We Do

- Design and implement a special survey on job search
  - Supplement to NY Fed's *Survey of Consumer Expectations*
  - Supplement focuses on job search behavior and outcomes for all individuals, regardless of employment status.

- Questions cover
  - Search behavior (effort, employer contacts, etc.)
  - Nature, number, and characteristics of job offers
  - Reservation wage under various circumstances
  - Among employed, search process for current job

- Project Goals
  - Provide more complete picture of job search
  - Better inform models of the labor market where search effort is crucial for labor market outcomes

Findings

- On-the-job (OTJ) search is pervasive, relatively more efficient
  - Over 20% of employed actively seeking new or additional job
  - Search effort among employed nontrivial
  - Informal recruiting common part of OTJ search (unsolicited contacts, referrals)

- OTJ search is relatively efficient
  - Relative to unemployed, employed exert lower effort, but have higher contact rate, job offer rate
  - Large fraction who are not looking also receive offers
  - Conditional on offer, receive higher-quality offers

- Search while unemployed daunting on multiple dimensions
  - Lowest contact and offer rates, low chance of bargaining
  - Offers that are received are poor on multiple dimensions:
    - Wages, hours, benefits
  - Unemployed more likely to accept a poor offer, more likely to be searching again once employed

Related Literature

- Unemployment and job search
  - **Search effort and duration**: Jones (1988), Machin-Manning (1999), van den Berg-van Ours (1996), Krueger-Mueller (2011), Faberman-Kudlyak (2014)
  - **Job seeker heterogeneity and stigma effects**: Blanchard and Diamond (1994), Hornstein (2012), Kroft, Lange, Notowidigdo (2013)
  - **Effectiveness of job search**: Mukoyama, Patterson, and Şahin (2014)

- On-the-job search, employer-to-employer flows
  - **Active search among employed**: Fallick-Fleischmann (2004), Fujita (2012)
  - **Differences between employed, unemployed search**: Holzer (1987), Blau-Robins (1990), Krueger-Mueller (2010), Mueller (2010)

- Flows into the labor force:
  - **Cyclicality of labor force participation**: Elsby, Hobijn, Şahin (2012)

Data: *Survey of Consumer Expectations*

- **Main SCE Survey**: monthly, nationally representative survey of ~ 1,300 household heads
  - Core questions focus on expectations on macroeconomy
  - Has basic demographic, labor force information
  - Matches demographics, labor force transitions from CPS well

- **Supplemental labor surveys**
  - Fielded in October 2013, 2014
  - Detailed data on labor force status, work history
  - Focuses on job search activity, outcomes for all respondents

- **Sample**
  - Pooled data from 2013, 2014: $N = 2,595$ observations with reported data on demographics, labor force status (LFS), excluding self-employed

Incidence of Search by LFS

	Employed	Unemployed	OLF
Pct. actively searched for work, last 4 weeks	**20.1%** **(0.9%)**	99.1% (0.9%)	8.1% (1.0%)
Pct. with no search but would take a job if offered, L4W	6.8% (0.6%)	0.0% (---)	5.3% (0.8%)
Pct. only searching for an additional job	8.2% (0.7%)		
N	1,764	103	700

Note: Standard errors are in parentheses. Labor force status and search effort self-reported separately; so LFS can differ from CPS definition (e.g., can be OLF but searching)

On-the-job search is pervasive

Job Search Effort, Conditional on Search

	Employed, Wants New Job	Employed, Wants Addl. Job	Unemployed	OLF
Mean hours spent searching, last 7 days	**4.52** **(0.36)**	5.05 (0.46)	**9.99** **(0.93)**	2.83 (0.68)
Mean applications sent, last 4 weeks	**4.72** **(0.65)**	3.37 (0.45)	**8.31** **(1.20)**	2.96 (1.53)
Pct. only seeking PT work	5.8 (1.5)	**42.3** **(4.5)**	14.0 (3.4)	**62.3** **(6.7)**
Mean unsolicited contacts, last 4 weeks	**0.93** **(0.23)**	0.50 (0.11)	0.56 (0.21)	0.07 (0.04)
Mean referrals, last 4 weeks	0.25 (0.05)	0.25 (0.07)	0.27 (0.09)	0.20 (0.10)
N	241	121	102	53

Note: Standard errors are in parentheses.

Search effort is high for employed, but even more so for unemployed

Search Outcomes, Conditional on Search

	Employed, Wants New Job	Employed, Wants Addl. Job	Unemployed	OLF
Contacts per application	**0.567**	0.267	**0.178**	**0.160**
Job interviews per application (2014 only)	0.054	0.056	**0.028**	0.042
Pct. with an offer from a contact	**50.9** (4.4)	**62.2** (6.6)	33.2 (6.5)	41.7 (11.6)
N	241	121	102	53

Note: Standard errors are in parentheses.

Search effort is more efficient for the employed
o **More contacts, more interviews, more offers**

Distribution of Search Effort & Outcomes

	Employed, Wants New Job	Employed, Wants Addl. Job	Employed, Not Looking	Unemployed	OLF
Pct. of Population	10.3	7.0	46.9	4.5	31.3
Job Search over Last Four Weeks					
Pct. of Applications	**33.0**	17.2	9.9	**32.2**	7.7
Pct. of Contacts Received	**41.6**	10.3	**28.6**	**12.3**	7.2
Pct. of Unsolicited Contacts	**29.0**	10.4	**43.7**	**8.7**	8.2
Pct. of referrals (2014 only)	21.4	11.3	**42.8**	**11.8**	12.7
Pct. of Offers Received	18.0	18.8	**28.2**	**11.5**	**23.5**

Employed who are not looking receive high share of contacts, referrals, offers

Characteristics of Job Offers

	LFS at Time of Offer		
	Employed, Full-Time	Employed, Part-Time	Non-Employed
Characteristics of Best Offer			
Mean wage of job offer	**$ 27.56** (2.02)	**$ 16.75** (1.52)	**$ 16.91** (1.44)
Mean hours of job offer	**39.2** (0.8)	**26.7** (1.5)	**28.7** (1.0)
Pct. of offers with no benefits	**30.5** (2.7)	**73.4** (4.6)	**65.5** (3.7)
log (offer wage / most recent wage)[1]	-0.017 (0.029)	**-0.128** (0.043)	-0.065 (0.038)
log (offer usual hours / most recent usual hours)[1]	**-0.156** (0.031)	-0.074 (0.070)	**-0.239** (0.044)
Characteristics of Accepted Offer			
Mean wage of job offer	$ 33.62 (6.12)	$ 17.79 (1.78)	$ 15.40 (1.92)
Mean hours of job offer	39.2 (2.0)	21.5 (2.3)	29.8 (1.5)
Pct. of offers with no benefits	24.6 (4.9)	70.8 (6.9)	48.8 (5.8)

Note: Standard errors are in parentheses.

1. Estimates condition out observable job seeker characteristics.

Job Offer Bargaining and Acceptance

	LFS at Time of Offer		
	Employed, Full-Time	Employed, Part-Time	Non-Employed
Pct. of offers that involved bargaining	**44.0** **(2.9)**	**24.7** **(4.5)**	**22.2** **(3.2**)
Pct. of job offers accepted	25.8 (2.6)	**42.8** **(5.1)**	**46.1** **(3.9)**
Pct. of offers accepted as only option	2.3 (1.7)	14.0 (5.3)	**29.3** **(5.3)**
N	289	95	165

Note: Standard errors are in parentheses.

Unemployed receive relatively poor job offers
  o **Poor in terms of wages, hours benefits**

**Despite poor offers, unemployed less likely to bargain, more likely to accept offers**

Reservation Job Values, Conditional on Search

	Employed, Wants New Job	Employed, Wants Addl. Job	Unemployed	OLF
Reservation Wage	**$ 26.68** **(1.13)**	$ 19.28 (1.46)	**$ 15.07** **(0.86)**	$ 15.12 (1.43)
Desired Hours	**39.9** **(0.4)**	24.0 (0.9)	**35.7** **(0.9)**	24.6 (1.4)
Pct. that would not relocate at any wage	35.4 (3.0)	**54.3** **(4.6)**	**53.5** **(5.0)**	**62.2** **(7.0)**
Pct. that would not double commute at any wage	11.8 (2.1)	18.7 (3.6)	16.9 (3.8)	**36.7** **(7.0)**
Pct. that would not increase hours at any wage	8.2 (1.8)	10.7 (2.9)	4.7 (2.1)	14.5 (5.1)
Pct. that require health insurance at any wage	21.5 (2.7)	10.4 (2.8)	15.8 (3.7)	5.4 (3.3)
N	240	116	99	49

Note: Standard errors are in parentheses.

One reason for high acceptance rates: Unemployed have low reservation wages, particularly relative to their last wage

log(Reservation Wage/Most Recent Wage)
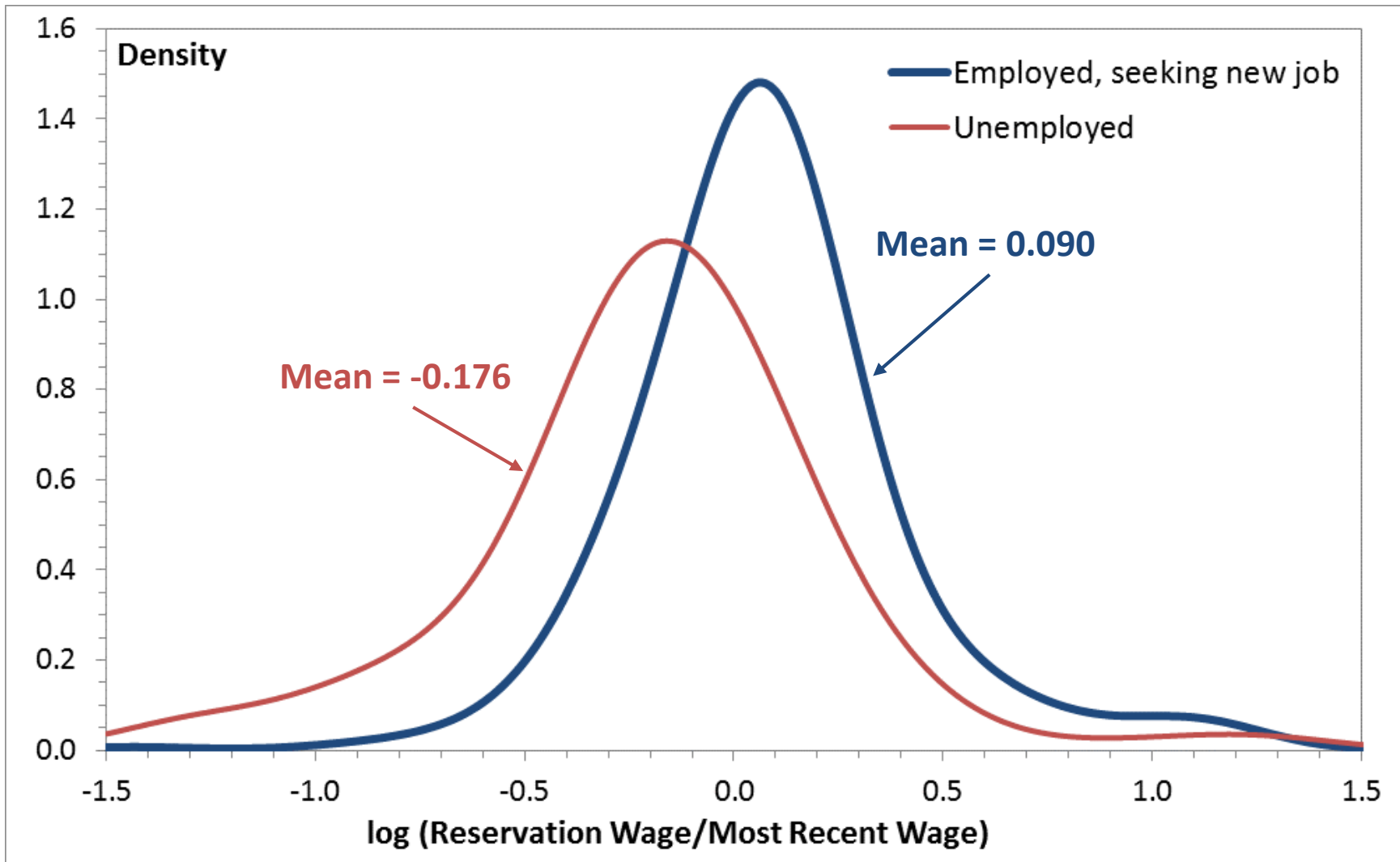
Note: Figure reports kernel density estimates of distributions. "Most recent" wage is current wage for employed, last wage for non-employed. Wages control for observable characteristics.

Characteristics of Current Job, by LFS Status at Time of Hire

	Hired from Employment		Hired from Non-Employment
	Quit	**Laid Off**	
Share of Employment	55.6	15.1	29.3
Characteristics of Current Job			
Current Wage	**$ 29.23** **(1.25)**	$ 23.81 (1.81)	**$ 20.51** **(1.06)**
Starting wage	**$ 21.59** **(1.19)**	$ 17.62 (2.22)	**$ 16.55** **(1.01)**
Usual hours	**42.8** **(0.5)**	36.4 (1.2)	**36.3** **(0.8)**
Characteristics of Previous Job			
Ending wage	**$ 20.57** **(1.38)**	**$ 17.54** **(1.61)**	**$ 20.34** **(1.84)**
Usual hours	40.4 (0.5)	36.2 (1.0)	39.4 (0.7)
Current Job Search			
Pct. currently seeking a new job	25.8 (4.2)	21.1 (2.0)	**38.4** **(3.4)**
N	415	109	204

Note: Standard errors are in parentheses.

Starting Wage Relative to Previous Wage
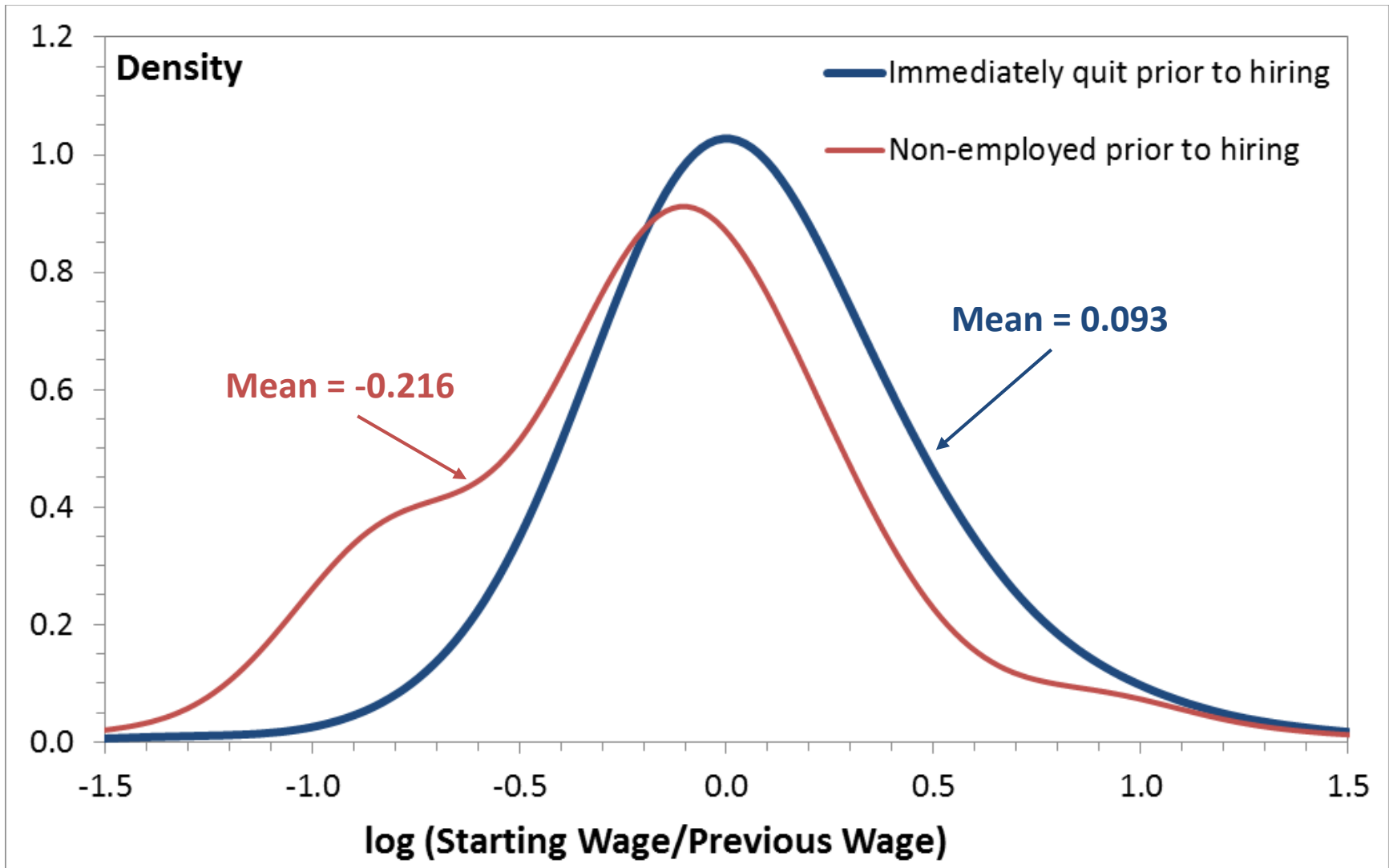
Note: Figure reports kernel density estimates of distributions. Wages control for observable worker characteristics.

Conclusions

- Job search among employed is pervasive and relatively efficient
  - Over 20 percent of employed actively seeking new work
  - Relative to unemployed, employed exert lower effort, but have higher contact rate, job offer rate
  - Employed more likely to receive unsolicited offers, even if not looking for new work
  - Offers received are relatively higher quality, involve more bargaining, and more choosiness

- Unemployed face poor job prospects on several margins
  - Lowest contact and offer rates, low chance of bargaining
  - Offers that are received are poor on multiple dimensions:
    - Wages, hours, benefits
  - Unemployed more likely to accept a poor offer, more likely to be searching again once employed

APPENDIX

Labor Market Comparison

	SCE	Oct 2013 CPS	ACS
% Employed	65.9%	60.2%	
BLS Unemployment Rate	7.4%	6.0%	
% OLF	28.8%	35.9%	
Average Hourly Wage	$ 17	$ 16	
Average Usual Hours	38	36	
ANNUAL HOUSEHOLD INCOME			
< $30k	26.3%	33.1%	31%
$30k-$50k	22.6%	20.3%	19%
$50k-$100k	31.8%	28.4%	29%
$>= 100k	19.4%	18.1%	21%

Demographic Comparison

	SCE	Oct 2013 CPS	ACS
% Male	49.6%	50.2%	50%
% Married	63.4%	50.2%	56%
% White	82.7%	79.6%	76%
EDUCATION			
% w/ HS or Less	38.1%	39.2%	38%
% w/ Some College	30.9%	29.1%	31%
% w/ College or more	30.5%	31.7%	31%
AGE			
< 40	27.2%	29.6%	28
40-60	39.3%	38.4%	39
60+	33.5%	32.0%	33
REGION			
South	37.7%	37.5%	38%
West	22.4%	22.3%	22%
Northeast	17.9%	18.0%	18%
Midwest	21.9%	22.2%	22%