

Job Search Behavior among the Employed and Non-Employed

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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:
 - **Cyclicalities 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%) | | |
| <i>N</i> | 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) |
| <i>N</i> | 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) |
| <i>N</i> | 241 | 121 | 102 | 53 |

Note: Standard errors are in parentheses.

- Search effort is more efficient for the employed**
- **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 |
| <i>Job Search over Last Four Weeks</i> | | | | | |
| 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

| | <i>LFS at Time of Offer</i> | | |
|--|--------------------------------|--------------------------------|---------------------------|
| | Employed, Full-Time | Employed, Part-Time | Non-Employed |
| <i>Characteristics of Best Offer</i> | | | |
| 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) |
| <i>Characteristics of Accepted Offer</i> | | | |
| 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

| | <i>LFS at Time of Offer</i> | | |
|---|--------------------------------|--------------------------------|----------------------|
| | 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) |
| <i>N</i> | 289 | 95 | 165 |

Note: Standard errors are in parentheses.

Unemployed receive relatively poor job offers

- **Poor in terms of wages, hours benefits**

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

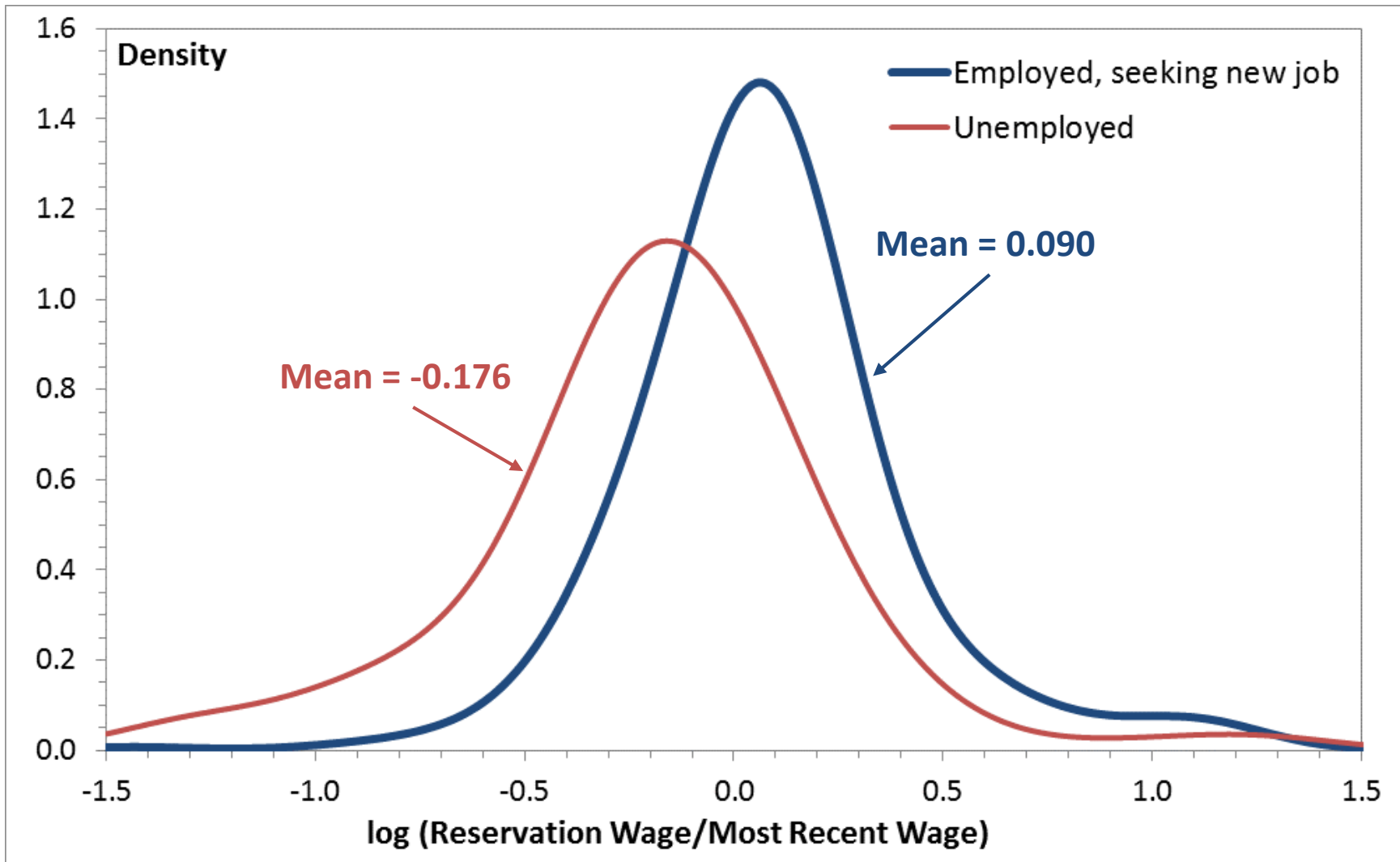
Reservation Job Values, Conditional on Search

| | 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) |
| <i>N</i> | 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**

$\log(\text{Reservation Wage}/\text{Most Recent Wage})$



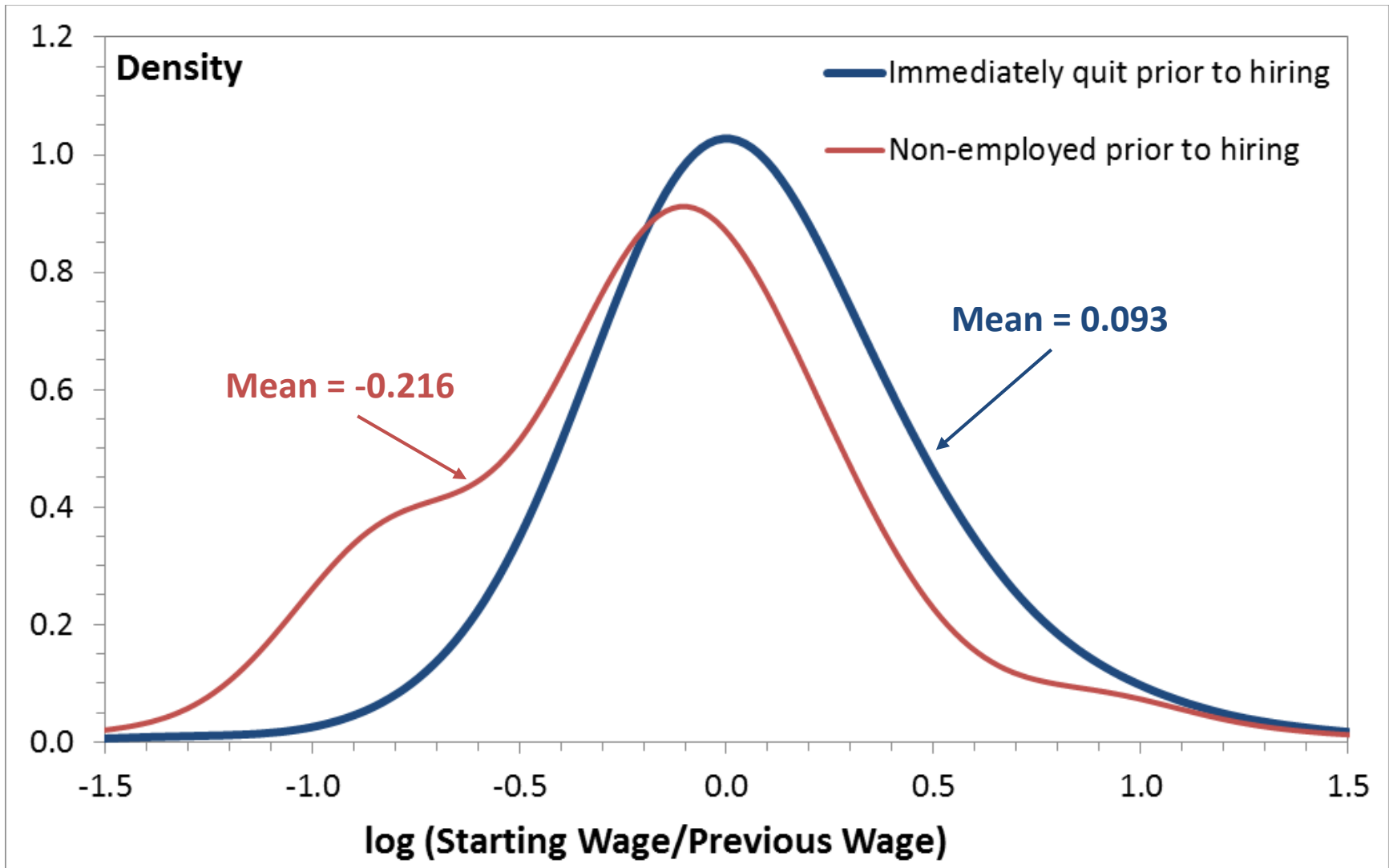
Note: Figure reports kernel density estimates of distributions. “Most recent” wage is current wage for employed, last wage for non-employed. Wages control for observable characteristics.

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 |
| <i>Characteristics of Current Job</i> | | | |
| 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) |
| <i>Characteristics of Previous Job</i> | | | |
| 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) |
| <i>Current Job Search</i> | | | |
| Pct. currently seeking a new job | 25.8 (4.2) | 21.1 (2.0) | 38.4 (3.4) |
| <i>N</i> | 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% |