

LABOUR MARKET CONDITIONS, AND THE WORKER-TO-JOB MATCH

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Abstract:

This thesis combines three papers around two central themes: the response of individuals to labor market conditions, and the quality of the match between workers and their jobs. The first chapter of the thesis examines the extent to which Temporary Help Agencies (THAs) can improve job match quality for workers. I develop a model of job search which proposes that temporary help agencies will only sort and improve the job match quality of some workers. Recognizing that the impact of a temporary help agency is due to THA sorting, this framework can explain gender differences in post-contract wage impacts found in this paper and the prior empirical literature. Estimates on American data show that unobserved heterogeneity leads different groups of women and men to use job placement, whereby only the women can be sorted for improved job match quality.

The second chapter links the two themes of the thesis together, by demonstrating one way in which labor market conditions affect job match quality. Using Canada's Labour Force Survey this chapter finds that job match quality changes because of the response of firms to economic conditions. In a downturn, firms post relatively more manual skill jobs in a downturn than they otherwise would, leading to an increase in overqualification. A model of job search shows that firms will exploit the relatively large share of highly educated workers that are unemployed in a downturn, hoping to attract these workers at a lower cost. In the model, this behavior leads to endogenous overqualification. Empirical estimates support the model results, finding that the changing skill requirements of newly formed jobs, rather than the economic conditions themselves, contribute to overqualification.

The third chapter of this thesis uses Instrumental Variables estimation and unique synthetic panel data from Canada to compare the causal impact of two factors affecting the supply of crime: labor market conditions and the justice system. The findings suggest that individuals at the margin of committing property crimes and assaults appear to consider the opportunity cost of offending. Similar evidence does not exist, however, for drug crimes, murder or prostitution. Crime is most elastic with respect to the probability of capture, measured by the cleared by charge rate. The supply of offenses respond somewhat less to labor market conditions, measured with wages and unemployment rates.