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Male-female differences in search behaviour: An empirical examination using displaced workers in the United States and in Germany

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Very Preliminary! Comments most welcome!

Becker Model of Taste Discrimination

- ► Most previous research on male/female wage differentials focuses on Becker model.
- ► Employer discrimination leads to segregation.
- ► Wage differentials only exist if marginal employer has distaste for discrimination.
- ► Competition may drive discriminatory employers from the market.
- ► Observed differentials due to something else?

Black (1995) model

- ► Black incorporates discriminatory employers in search model.
- ► Wage differentials exist even if marginal employer has no taste for discrimination.
- ► No mechanism driving discriminatory employers from the market.

Other reasons for wage differentials

- ► In search model wage differentials arise if groups have different non-market value of time.
- ► Women have higher non-market time due to comparative advantage in having and raising children.
- ► Differences vary with age.
- ► Discrimination is constant with age.

In this paper we do the following:

► Examine whether gender differences in search behavior vary with age

Black (1995) Model:

- ► 2 worker types A & B, identical except for type.
- ► 2 firms, prejudiced and unprejudiced.
- ► Prejudiced firms won't hire B.
- ► B has higher search cost—lower reservation utility.
- ► B takes jobs with lower wages and satisfaction.
- ► All firms offer B lower wages.
- ► Effects on length of search ambiguous.

Outline of opportunity cost model:

- ► Comparative advantage in having and raising children leads to higher reservation utility for women.
- ► Changes over time, initially rising then falling.
- ► Period with higher reservation utility should lead to longer job search than comparable men, higher wages (larger increase in wages) and better job matches.
- ► Other periods, no differences

Data:

The U.S. data—the NLSY79

- ► NLSY79 is a survey following individuals who were between 14 and 22 in 1979. Yearly interviews.
- ► Data from the 1984-1998 surveys.

The West German data – the IABS

- ► IABS: 2 percent random sample of all workers who are covered by the German from social security system.
- ► Data from 1984-2001

From both data sources we select a sample of displaced workers:

Descriptives for the U.S.:

Table 1: Summary Statistics – U.S.

	Entire Sample (1)	Men (2)	Women (3)
Female	0.42	---	---
Age	27.3	27.3	27.2
Less than 22 years old	0.25	0.26	0.24
Between 23 and 32 years old	0.64	0.62	0.66
Older than 32	0.11	0.12	0.10
Weeks of experience	321.1	334.9	302.2
Years of schooling completed	12.0	11.9	12.2
Daily wage at displacement	72.01	82.75	57.29
Daily wage one year prior to displacement	71.60	80.66	59.19
Daily wage two years prior to displacement	68.95	76.99	57.99
Log daily wage at displacement	4.10	4.24	3.90

Table 1 continued:	Entire Sample	Men	Women
Proportion with post-displacement job	0.96	0.97	0.96
Length of displacement in weeks*	29.28	21.18	40.53
Hourly wage at post-displacement job*	8.51	9.27	7.49
Daily wage at post-displacement job*	70.65	80.63	57.25
Log daily wage at post-displacement job*	4.07	4.22	3.88
Full-time at displacement job	0.85	0.91	0.77
Full-time at post-displacement job*	0.76	0.86	0.62
Number of Observations	878	508	370

Note: * these means only include non-censored observations

Table 3: Distribution of Displacement by Length of Displacement – U.S.

Length of Displacement	Entire Sample (1)	Men (2)	Women (3)
One week	19.13	21.85	15.41
2-20 weeks	45.44	47.83	42.16
21-32 weeks	9.45	8.86	10.27
33-52 weeks	7.40	6.50	8.65
52-104 weeks	8.31	8.07	8.65
More than 104 weeks	10.25	6.89	14.86

Descriptives for West-Germany:

Table 7: Summary Statistics for Sample of displaced workers – West Germany

Variable	Entire Sample	Men	Women
1 if Female	.36	0	1
Age prior to displacement	33.2	33.8	32.2
Age younger than 23 prior to displacement	.11	.08	.15
Age between 23 and 32 prior to displacement	.39	.38	.40
Age between 32 and 40 prior to displacement	.23	.25	.21
Age older than 40 before displacement	.25	.26	.23
weeks of full time experience prior to displacement	349.9	382.0	295.1
1 if low skilled/unskilled	.36	.35	.38
1 if skilled	.61	.62	.60
1 if graduate	.02	.02	.01
pre displacement log real wage (full time jobs)	4.62	4.75	4.34
Pre displacement log real wage (full time) two years before	4.62	4.75	4.34
Pre displacement log real wage (full time) three years before	4.63	4.77	4.36
Pre displacement log real wage (full and part time jobs)	4.57	4.74	4.28

Table 1 continued:			
post displacement job observed	0.89	.89	.89
length of displacement in weeks *	19.35	17.7	22.1
post displacement log real wage (full time jobs)*	4.69	4.82	4.44
second post displacement log wage (full time)*	4.74	4.85	4.50
Third post displacement log wage (full time)*	4.78	4.88	4.54
Post displacement log real wage (full or part time jobs)*	4.63	4.81	4.37
Full time job prior to displacement	.92	.98	.81
Full-time job in first post displacement job*	.89	.97	.74
1 if changing occupation (3-digit) after displacement*	.27	.28	.25
1 if changing industry (2 digit)*	.28	.29	.27
Tenure in post displacement job (quality match in weeks*	280.5	301.8	243.7
Number of displacement observations	64,076	40,445	23,631

Note: Wages are daily wages. *These means only include non-censored observations.

Table 9: Distribution of Displacement by length of displacement – West Germany

Length of displacement	Entire Sample	Men	Women
1 -20 weeks	75.86	76.18	75.32
21-32 weeks	2.91	3.21	2.41
33-52 weeks	2.71	2.77	2.60
52-104 weeks	3.48	3.41	3.61
More than 104 weeks	15.04	14.45	16.06