

Comments on: Consequences of Job Separations (Fallick, Haltiwanger, McEntarfer)

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Disclaimer

This paper presents results derived from confidential Census Bureau data. Any opinions and conclusions expressed herein are those of the authors and do not necessarily represent the views of the U.S. Census Bureau. All results have been reviewed to ensure that no confidential information is disclosed.

Basic idea

Duration of non-employment matters

- At one end: career-enhancing J2J flows with no intervening non-employment
- At the other end: displaced workers from distressed firms suffer long non-employment, driving significant long-term earnings losses (and human capital loss?)

Approach

- Systematic and comprehensive variation of types of firms (from declining to growing) based on past year
- Systematic and comprehensive variation of duration of non-employment (from zero to 1 year)

Fundamental problem in literature on displaced workers (et al)

- What do you measure the impact (earnings, employment) against?
 - Stayers at the same firm?
 - Stayers at other firms?
 - Here: separators from other firms

Fundamental problem in literature on displaced workers (et al)

- What do you measure the impact (earnings, employment) against?
 - The same workers at other time periods (=stayers)
 - Separators at the same firm at other time periods?
 - Workers (stayers and separators) at other distressed firms that choose an intensive adjustment (wage or hours cuts instead of employment losses)

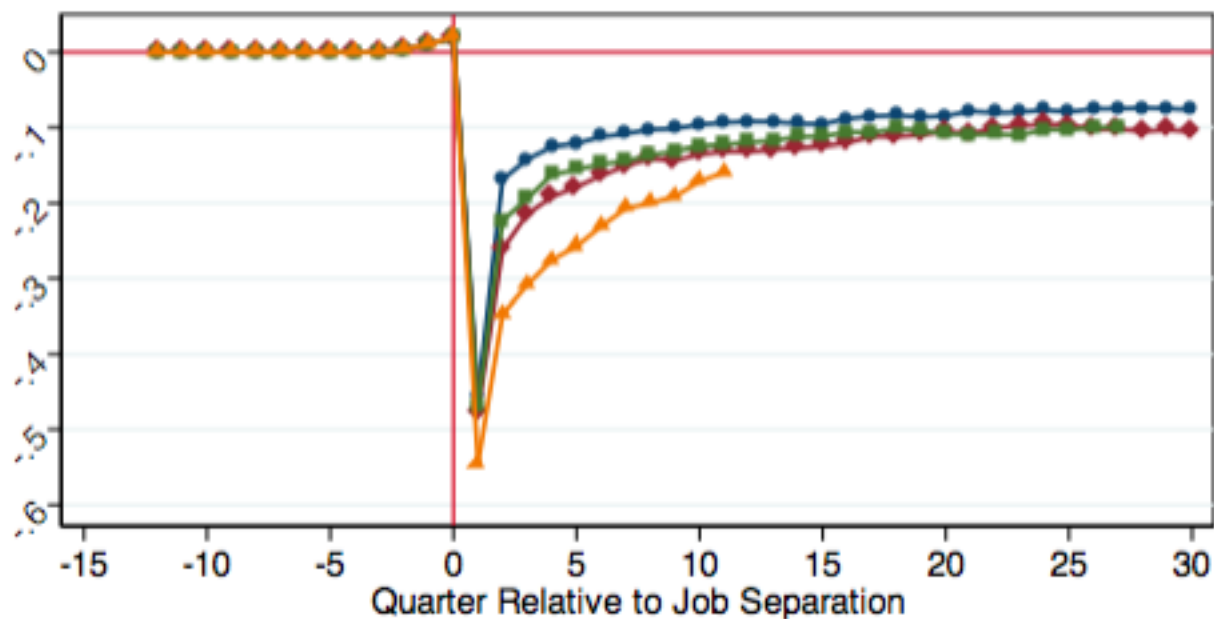
Some results

- Table 7, 2005 Sample

	Firm closed	Fast-shrinking firm	Slow-shrinking firm	Slow-growing firm	Fast-growing firm	Mean
Nonemployment spell						
New job same quarter	-2	4	-2	-3	-2	-1
New job next quarter	-7	-7	-11	-11	-12	-10
Nonemp 1 full quarter	-16	-18	-19	-22	-15	-18
Nonemp 2 full quarters	-17	-20	-22	-22	-19	-20
Nonemp 3 full quarters	-19	-15	-23	-22	-14	-18
Nonemp 4 full quarters	-15	-30	-25	-23	-23	-23
<i>Mean</i>	<i>-13</i>	<i>-14</i>	<i>-17</i>	<i>-17</i>	<i>-14</i>	

Employment Declines After Job Displacement: Jobless Recoveries

Change in Fraction Employed at Job Displacement 1998.2-2010.1
Incidence of Zero Earnings, Relative to Non-Separators
Men with 12 Quarters of Tenure Employed at Firm of Any Size

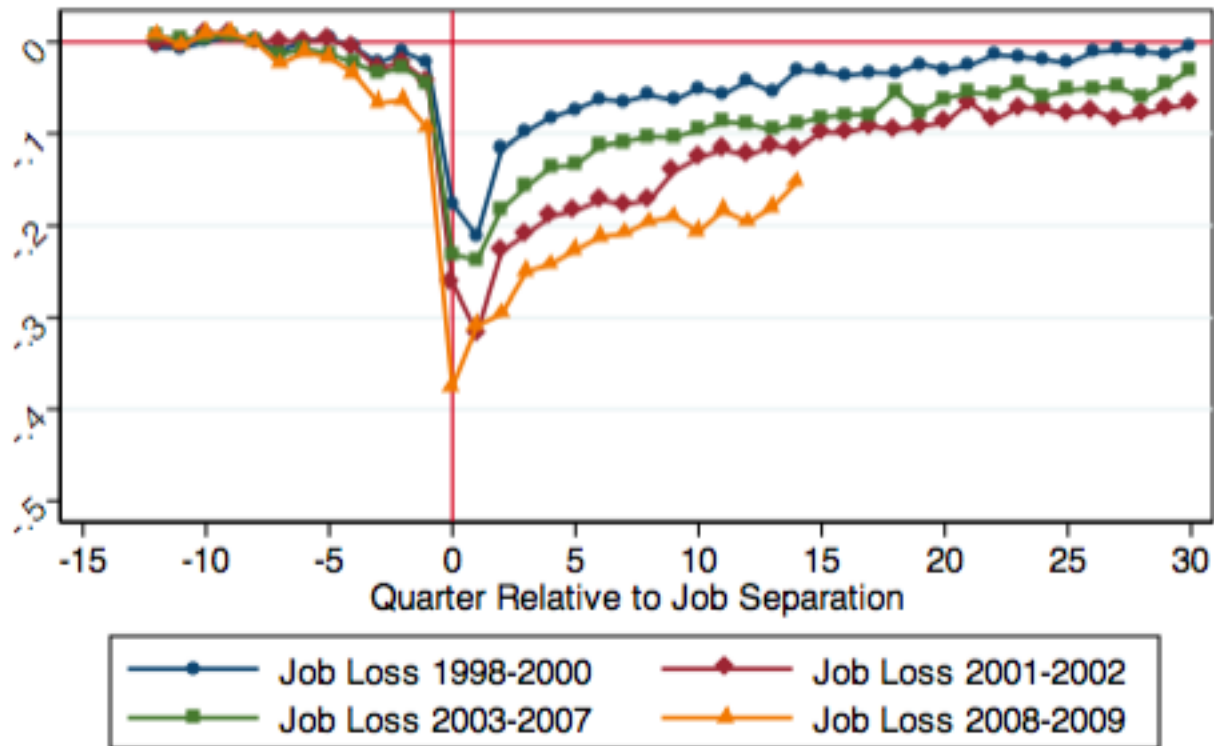


—●— Job Loss 1998-2000 —◆— Job Loss 2001-2002
—■— Job Loss 2003-2007 —▲— Job Loss 2008-2009

Source: 1% Files of Panel of LEHD States (see text). Earnings in 1999 Dollars.

Earnings Loss Based on Log-Earnings

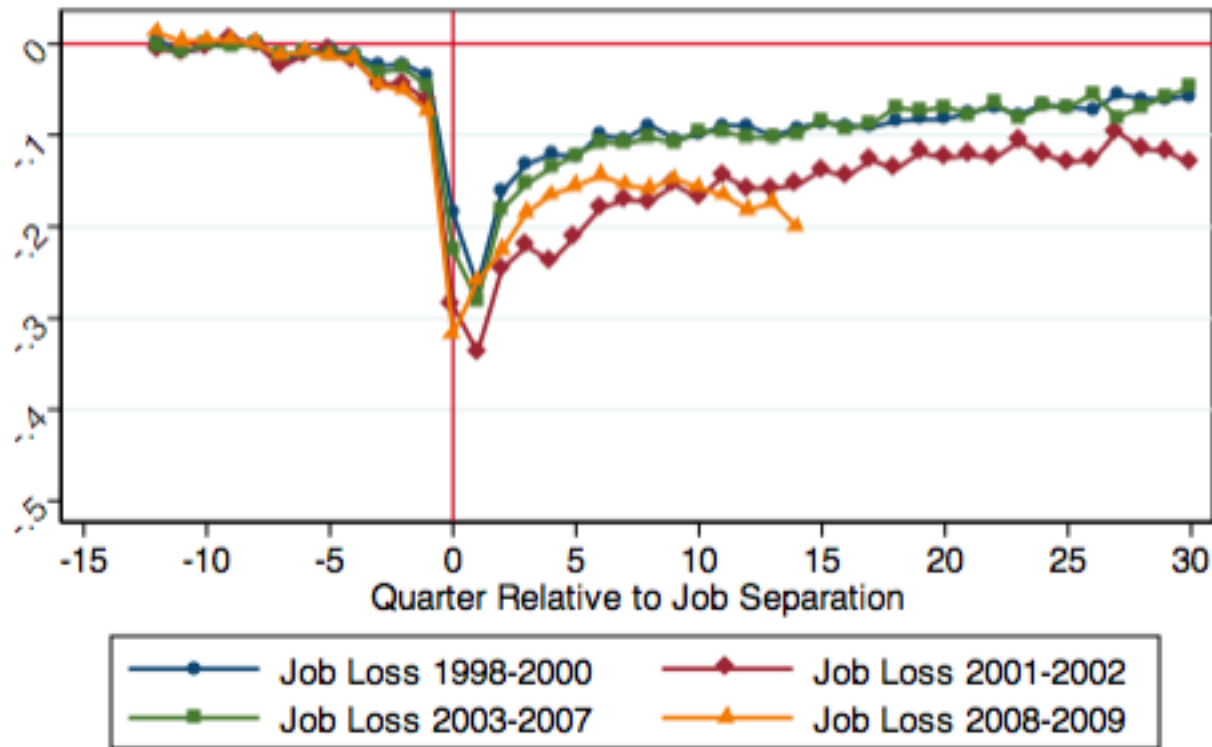
Percentage Change in Earnings at Job Displacement 1998.2-2010.1
Earnings All Job Excluding Zeros, Relative to Non-Separators
Men with 12 Quarters of Tenure Employed at Firm of Any Size



Source: 1% Files of Panel of LEHD States (see text). Earnings in 1999 Dollars.

Effect of Job Loss for Women: Log Earnings (Dropping Zeros)

Percentage Change in Earnings at Job Displacement 1998.2-2010.1
Earnings All Job Excluding Zeros, Relative to Non-Separators
Men with 12 Quarters of Tenure Employed at Firm of Size at Least 50



Source: 1% Files of Panel of LEHD States (see text). Earnings in 1999 Dollars.

Hazard results: Exit from non-employment

- Competing risks of recall vs. new employment
 - Including zeros (=J2J)
 - Job finding rates for all non-gazelles are HIGHER – somewhat surprising
 - Waiting for recall?
 - Sample selection?
 - Early searchers?
 - Different types of jobs (stop-gap jobs, but that suggests different incentives/constraints = heterogeneity)

Hazard results: Exit from non-employment

- Competing risks of recall vs. new employment
 - If firm closed, $\text{Pr}(\text{new job next qtr}) = 19+$ (2009), $14+$ (2005) – seems surprisingly high
 - Recalls for closed firms: check robustness to data errors (firm non-reporting/ identifier change would be consistent with these high numbers)
 - Standard errors – some of these subgroups are quite small

Final words

- Not a conclusion...
- Thorough approach to mapping out the variation in types of firms and types of non-employment
- Useful emphasis of the variability of the comparison group