Seminario de Microeconomía Aplicada - How Much Is a Formal Job Worth: Evidence from Mexico

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Brenda Samaniego de la Parra: Professor Brenda Samaniego de la Parra is an Assistant Professor in the Department of Economics at U.C. Santa Cruz and a member of the steering committee of the Center for Analytical Finance at U.C. Santa Cruz. Her research analyzes how different work arrangements between workers and firms arise, and their implications for the aggregate economy. She has published research in the International Labour Organization's (ILO) World of Work and Global Employment Trends reports and has consulted for the ILO and the World Bank. Before joining the Economics Department at UC Santa Cruz, she served as Special Projects Deputy Director for the National Banking and Securities Commission in Mexico. She received a PhD in economics from the University of Chicago.

Resumen del documento: Formal jobs in Mexico provide workers and their families various social benefits such as retirement funds, minimum wages, day-care and health care services. Despite these benefits, neither the head of household nor their spouse have formal jobs in one-third of Mexican households. We construct an employer-employee-household matched panel dataset and exploit exogenous variation in access to a formal job caused by over 300,000 work-site inspections to examine how spousal labor supply responds to changes in the household's formality status. Work-site inspections increase the probability of transitions from informal to formal contracts for the inspected worker. For spouses of inspected workers with low education levels, we find evidence of a 16 percent increase in reservation wages and lower employment probability in the formal sector. We then develop a model of joint labor supply with informal and formal contracts and use it to estimate the value of a formal job. The model estimates indicate a marginal willingness to pay equal to 24.3 percent of the mean formal wage among households with low education. This value is higher for households with children in day-care age.

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Tiempo de exposición: 1:30 p. m. a 2:30 p. m.

Fuente: https://www.banrep.gov.co/es/seminario-microeconomia-aplicada-how-much-formal-job-worth-evidence-mexico