

## **Job Search Behavior of the Unemployed in Russia**

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### **Abstract**

This dissertation presents a unique theoretical model, which combines elements of different job search models offered in the economic literature. Based on the data set constructed using public record from the Russia Longitudinal Monitoring Survey (RLMS) conducted by the Carolina Population Center at the University of North Carolina at Chapel Hill for the period of 1994-2000, we initially follow Burdett (1979) and Holzer (1988) modifications of the standard search theory to analyze the propensity to search for a job, search intensity and particular search methods choice. The following search methods are considered: application to employment agencies (state and private), utilization of personal contacts (friends and relatives) and direct approach to firms (“gate applications” and through advertisements). The productivity (or effectiveness) of these search methods is assessed based on the model specification of Osberg (1993). Subsequently, an employment function (or re-employment probabilities) and a wage offer function are estimated for successful job seekers using the methodology of Kiefer and Neumann (1979) for estimation of reservation wages from data on accepted job offers.

The results show that sex, age and education are consistently significant factors for job search behavior of Russian unemployed. Surprisingly, such factors, as the presence of small children, the number of working-age adults in the household, residence in the metropolitan areas of Moscow and St. Petersburg are only significant for the search engagement decisions. The mean regional real wage is only significant in 1998 for the engagement decision and in 1996 for the search intensity decision. The most successful single search strategy in Russia is using personal contacts for job leads, followed by application through employment agencies and to firms directly. However, using a combination of strategies is still proven to be the most productive. Interestingly, those individuals who did not report the use of any strategy, still have a chance, albeit smaller, to land a job in the next period. Women and older individuals face a lower wage offer curve than men and prime-age individuals. People with secondary and college education, those who search more intensely, as well as those who accepted employment in the private sector, face a higher wage offer curve.

JEL Classification: P23, J64

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