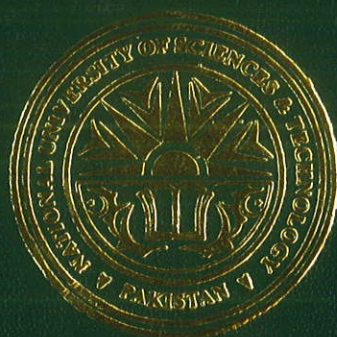


Determinants of Reservation Wage in Pakistan



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Executive Summary

The definition and role of compensation has evolved over the years, from merely wages for the completion of tasks, compensation is now viewed as a strategic tool in the hands of Human Resource managers. So, it is important to understand what would be the determinants of the minimum gross salary that an individual would be willing to start working on or consider if they were seeking a new job opportunity. Some important variables that could determine reservation wage are; age, gender, marital status, education level, income per family member and current gross salary.

This thesis adopts a methodology which is used to find the importance of various determinants of reservation wage in Estonia (Malk, 2014), it is conducted through the means of a survey to which 163 individuals responded. Regression analysis is done with dummy variables for the determinants mentioned above to estimate their impact on reservation wages.

In conclusion, increases in; age, marital status, income per family member, being a female, education level and current gross salary, directly increase reservation wage. Due to a small sample size, constraints of time, resources and lack of respondents, the only significant variable is current gross salary. This can also be attributed to the economic situation and social variables in the country. It is recommended to further conduct this research with a larger sample size to reduce the impact of cross sectional data. Another recommendation is to conduct longitudinal research and include the variable; unemployment duration, which is a major determinant of reservation wage.

Key Words: Compensation, Reservation Wage, Pakistan and Wages.

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1. Introduction

There has been a great deal of change in the way compensation is perceived by individuals and organizations. It is important to understand and determine the various factors that affect the evolution of compensation. One aspect that will always remain significant is how much monetary gain an individual is looking to gain from his or her job. Reservation Wage is the minimum amount of gross salary that an individual would consider before starting or switching a job. The scope of this thesis is to look into the various factors that affect reservation wage in Pakistan.

This topic is specific to the Pakistani environment and will help in understanding the Pakistani labor market's reservation wage trend. This study can be used by other researchers to find out factors that impact reservation wage and help organizations in Pakistan who want to determine their compensation philosophy.

In Chapter 2, previous literature is reviewed to establish a plausible link between our dependent and independent variables. First, we will look into the history and evolution of compensation as well as the importance it holds for modern-day organizations. Then we will study the economic background of the country and try to understand the dynamics of the labor market. Following which, we will try to understand the importance of the job search theory and discuss details about the various factors that affect reservation wage as per previous studies. Finally, we will conclude the chapter with discussions on the importance of reservation wage for labor economic principles and policy making.

Chapter 3 will cover the theoretical framework adopted for this thesis and discuss in detail the methodology which was used to conduct the research. Chapter 4 states the results

obtained, looking into the various variables and describing them in terms of averages, minimum/maximum values etc.

Chapter 5, will analyze the data obtained through correlation and regression of our dependent variables with its determinants which include; age, gender, marital status, education level, income per family member and most importantly previous gross salary.

In Chapter 6, we will discuss the details of the results obtained through our research methods, highlighting the importance of the determinants of reservation wage as well as the significance each variable holds in impacting reservation wage.

Finally in Chapter 7, we will present concluding remarks to the study, highlighting the limitation of scope and their impact on our results. Lastly in the chapter we will present recommendations for improvement and areas which warrant additional research to help further the understanding between reservation wage and its determinants.

2. Literature Review

The Definition and Importance of Compensation

This section will look into the definition of compensation and how it has changed over the years. The role of the compensation function in Human Resource management in today's world will also be highlighted and discussed. This understanding is essential as it will set ground work for further clarity on reservation wage and its importance for decision making.

Gone are the days when focus of any company was on mass production of products and the Human Resource or capital was completely ignored. Human Resource Management has now evolved to a huge extent. The companies understand that to gain competitive advantage they need to focus on aligning HR strategy with overall organizational strategy. The HR function works side by side with the core functions to help organization achieve its long term goals. Today, Human resources has been transformed in to an integral part of an organization and plays a strategic role. According to (Dulebohn, Ferris, & Stodd, 1995; Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009) Human Resource Management has evolved from being the function responsible for only trivial tasks like employee record keeping to a strategic partner of the organization. This evolution has also changed the HR practices including compensation. Today, compensation has come a long way and grown from payroll to a sophisticated contractual compensation packages (Moehrle, 2003; Adithipyangkul, 2012)

Compensation is that segment of Human Resource management that focuses and works on planning, organizing, and controlling the direct and indirect payments that organization owes the employee for the job they perform. Compensation is basically a transaction between the employee and organization, where the employee gets a return for performing

a task for the organization. It is just like exchange between employee and organization (Milkovich, Newman, & Gerhart, 2010).

Throughout the history we see employers struggling with devising mechanism for attracting, retaining and motivating talent. Compensation as a subject has matured in the past few decades and organizations have realized that a highly effective strategically designed compensation plan benefits not only the employee but the organization as well (Katz & Kahn, 1978; Scott & Davis, 2015).

In the past, the compensation system was rather simple, where the total wage was decided on the quantity of goods produced or pieces assembled. This was mainly due to nature of work and type of industries, where the workers would perform tasks in an assembly line. Employees used to get wage per piece or on daily basis from the payroll manager, who would log every employees produce and calculate the total wage on a piece-rate pay system. The more a person would produce the more he got paid. Soon some companies set up administration departments who would manage workers, keep their record, handle payroll and would sometimes also solve their issues (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009).

If we glance through pages of history we will find out that the beginning of 20th century was marked with rapid development and industrialization mainly because of mass production, expanded transportation networks and low transportation costs. Large number of factories started to emerge. This fast paced industrialization needed more labor force and efficiency. Coupled with unionization, industrialization forced employers to set standardized wage for labor and to provide better working conditions (DeCenzo & Robbins, 2005). After WWI the industry started research on systematic job evaluation. The war also caused labor shortage

and demand for even higher efficiency (Cheek, 2005). This strengthened the unions and put organizations in a position where they started adding more variables as a deciding factor for compensation including education, experience, type of job and skill set of employee.

After WWII new industries started to emerge hence need for a more advanced compensation package. Also labor unions started building pressure on employers to increase compensation and add benefits, thus pension, fixed wages, insurances were included in compensation package (Whipps, 2008). By 1990s, local and international competition compelled the compensation manager to have a more adaptive approach and alignment in compensation, job description, organization strategy, skills and competencies. This led to concept of pay for performance and total compensation model.

Today, organization emphasize on total rewards and compensation approach. When we hear the word compensation we usually refer to it as the money an employee receives via paycheck at end of every month. However, total compensation goes beyond this definition, it includes all forms of money, benefits, perks, and services such as training and development used by the organization to attract, motivate and retain employees (Carrell, Elbert, & Hatfield, 1995; Iqbal, Ahmad, & Javaid, 2014). An employee is more likely to stay in the organization for a long period of time if the total compensation exceeds the basic salary alone (Noe, Hollenbeck, Gerhart, & Wright, 2012). The total compensation and reward approach gives a holistic view to organizations for designing the compensation package for its employees. This approach consists of four variable i.e. fixed pay/base pay, variable pay, benefits and work life balance. Fixed pay is non-discretionary remuneration that doesn't change with performance for example wage per piece, per hour or monthly salary. Variable pay on the other hand is discretionary and is affected by performance or result. It helps in

enhancing employee morale and to incentivize them for their performance (Aguinis, Joo, & Gottfredson, 2013). It includes bonuses, increments, commissions and profit sharing plans. Bonuses are given to employee through a pre-planned performance goal for example on completion of a project. Commissions are usually paid to employee on selling a specific number of goods or services. It is either a percentage of sales or certain amount per sale and is used to incentivize employees to increase productivity. Profit and performance sharing plans includes pay that is provided to all employees based on organization profits and willingness to share, for example on reaching a certain level of profit a specific percentage will be shared among employees. Benefits, core element of the total compensation model, include health plans, housing allowance, retirement plans or insurance coverage. These elements are designed to establish sense of security in the employee. Lastly, work life balance that addresses the unique individual needs of the employee. They include flex hours, financial support and motivating culture and environment (Risher, 2011).

Compensation according to (Bernardin, 2006) includes all forms of financial returns and tangible benefits that employee receives as part of its employment contract or relationship. It is defined as the sum of direct financial returns, indirect financial returns and non-financial compensation. Compensation can be split into two sub categories, relational returns or fringe compensation and total compensation or cash compensation. Cash compensation has two elements which include base pay and pay contingents. Base pay comprises of hourly, daily or weekly wage and allowances whereas pay contingents includes returns like increments, yearly bonuses or incentive pay (Greene & Mi, 2013). On the other hand relational returns are non-financial in nature and include several intangibles such as, individual growth and development, social security, health benefits or recognition awards

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etc. (Cascio, 2012). Herzberg in his two-factor theory distinguishes between motivators and hygiene factors. Motivators includes recognition, responsibility etc. that provide positive satisfaction to the employee on the other hand hygiene factors, if missing, can cause dissatisfaction, Hygiene factors include salary, fringe benefits, job security. Similarly (Armstrong & Murlis, 2007) also believe that money is an extrinsic motivator rather than intrinsic.

Compensation is viewed differently by various stakeholders. It is viewed as a measure of justice by society; for an individual it is the return received for the completion of a job and source of financial stability and motivation; for managers and Human Resource professionals it is one of the major expense yet a tool at their disposal to influence employee behavior and enhance organizations performance; and for the stockholders, using stocks to pay employees creates a sense of ownership among them. Overall objective of compensation is to achieve organizations broader strategic objectives including efficiency in terms of performance quality, customers, and reduced cost by attracting and retaining high performing employees (Berger & Berger, 2008).

Compensation plays a pivotal role in any organization and understanding the dynamics of compensation can greatly help Human Resource professionals to make informed decisions. Many internal and external factors to the organization affect employees' remuneration directly or indirectly and interaction of these factors creates a wage mix (Milkovich, 2004). External factors include labor laws, labor market, union influence, the state of the economy and business competition. These factors are usually not in control of the organization. Labors laws impact the compensation in terms of minimum wage or compulsory yearly increment set by government etc. The union can influence wage by various sabotaging and

influencing technics which may prevent organization from lowering wage. Similarly state of economy and cost of living of a country influence the pay package for example in case of inflation the amount paid to employees needs to be adjusted so that employees can maintain their living standard. Internal factors include organization culture and strategy, industry and type of job. Most organizations prefer to design a competitive salary package but there are many that pay less or more than the market rate. Similarly for high risk or unique skill jobs the salary is higher. These external and internal factors help the organization to design its compensation strategy (Wang & Kaarst-Brown, 2014).

There are three main approaches being used to set wage. First is setting wage based on the bargaining power of employees. In a depressed labor market the employee knows that finding a job is difficult hence will be willing to work for lower wage or a wage equivalent to reservation wage. Second approach is to set the wage on the efficiency wage model, which suggests that organizations pay more to its worker so as to retain and motivate them to perform better. Third approach is the competitive approach which focuses on labor market dynamics, so in a poor labor market where there are less opportunities the employees have little or no bargaining power (Olivier Blanchard, 1997; Oatley, 2015).

Reservation wage is defined as minimum wage level required in order for an individual to prefer work to unemployment (Bassanini & Duval, 2006; Mitra, 2007); the minimum wage considered acceptable to work (Holzer, 1986); an individual's minimum wage that would have to be offered in order for him/her to accept a job (Mcfadyen & Thomas, 1997); (Nattrass & Walker, 2005). It is also defined as a person's own wage threshold, below that he will not accept any offer (Falk, Fehr, & Zehnder, 2006).

Compensation and benefits are the most critical tools for attracting and retaining talent in HR. Every organization has a different pay philosophy. A pay philosophy shows organizations commitment towards its employee and varies because of organization size, financial condition and strategy. One pay philosophy is that the organization can pay employees more than the competitors (lead) or it can pay less than the competitor (lag) based on its strategy. Another philosophy is that the organization can try to ensure internal equity or external equity. Internal equity refers to equity in salary between same positions in one organization whereas in external equity salary is equal to market or value of the job. Many researchers believe that organizations need to make compensation decisions very cautiously so as to avoid over compensating. Furthermore, the compensation decision becomes all the more important as there is no one-way-fits-all approach because of rapidly changing external situation. In an ideal situation, compensation package have three main components, one is internal equity, external equity or market alignment. The organizations that have an effective compensation and benefits strategy drive its personnel costs, manage the performance of employees and reward extraordinary performance.

After this discussion we gain an understanding that compensation has evolved over the years from a basic return for a task accomplished to a much more elaborate tool for employee retention and motivation. The look into various compensation strategies and their implications for both Human Resource management as well as decision making for managers' gives us an idea of the importance that reservation wage holds. Now we move on to understand the factors that affect reservation wage.

Pakistan's Economy and Labor Market

This section covers the details of the Pakistani economy to set a background for the importance of reservation wage determinants. Several of the factors that affect reservation wage hold an economic basis; in fact reservation wage is most studied from the perspective of econometrics where it helps understand the dynamics of unemployment and labor market factors (Malk, 2014). In this section we will also elaborate the situation of the Pakistani labor market. The trends of unemployment, job search and other demographic factors that greatly contribute to the study of reservation wage.

Pakistan's economy has seen some turbulent times in the past few years, which is attributed to several factors. According to press release by Pakistan Bureau of Statistics in May 2015 although the inflation rate has been on low primarily driven by the reduction in oil prices in the global market but its impact will not substantially improve income levels because of the high population growth rate, political situation and lack of trust of investors¹. The lack of a consistent supply of energy has also left industries scampering to reduce costs. Combined with the huge import bill of the country, the manufacturing sector is getting crippled day by day. The political turmoil and instability has also caused a decrease in foreign investment, along with the countries deteriorating security situation has left Pakistan's economy hampered, especially in the areas and provinces of Baluchistan and Khyber Pakhtun Khuwa. Several natural disasters and inadequate preparation for them has also set back the country's economy. Primarily the intensive flooding over the past few years (2010 -2014) has harmed the agriculture based economy of the country (British Broadcasting Corporation, 2010). Agricultural output and infrastructure of the country has greatly been

¹ <http://www.dawn.com/news/1179920>

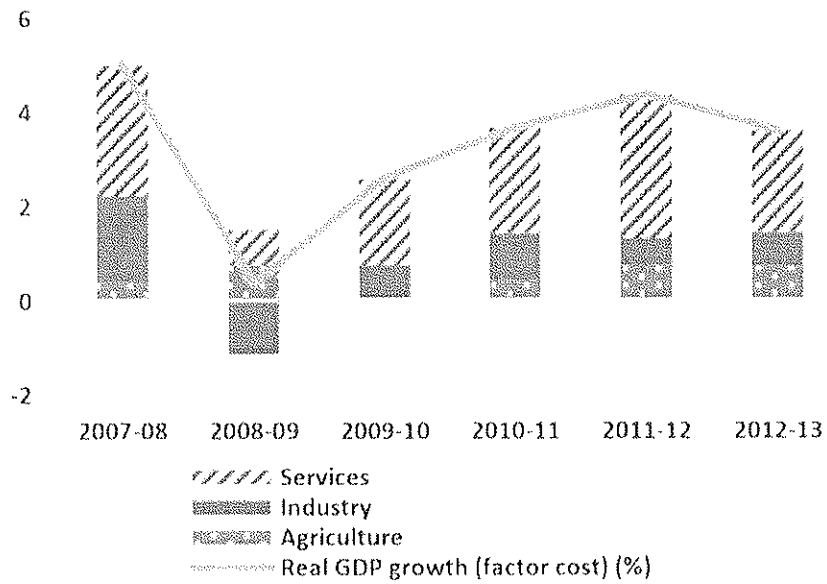
affected because of these floods, leaving Pakistan to appeal for financial assistance from the United Nations and other international agencies (The Express Tribune, 2011).

Consequently the employment growth has not been positive either, with most of the workers still living below the poverty line (International Labour Office, 2013) . There is lack of progression towards a more structured wage system, as most of the country's workforce is employed in the agricultural sector (Pakistan Bureau of Statistics, 2013), which is predominantly a feudal system with landlords dictating employment terms. Despite several challenges the political situation in the country has greatly improved, as Pakistan saw its first change of term of a democratically elected government in the provincial and federal elections of 2013. This should stimulate better governance and policy formation in the upcoming years, which would in turn facilitate job creation and investment in the country (The Economist, 2013). As per the ILO's (International Labor Market) report on Pakistan Labor Market², the country was in a much better position in the early half of 2000's where the real GDP growth rate was around 5.3% per annum, 2001 through 2006 and reached a high of around 9.0% in 2006. When the global financial crisis hit in 2008, the country saw a severely rapid decline in growth of GDP hitting a low of 0.4% in 2009 (World Bank, 2009).

Most of Pakistan's growth in the recent years has come from the service industry which represented 59.6% of total growth in 2012 (Pakistan Bureau of Statistics, 2014)

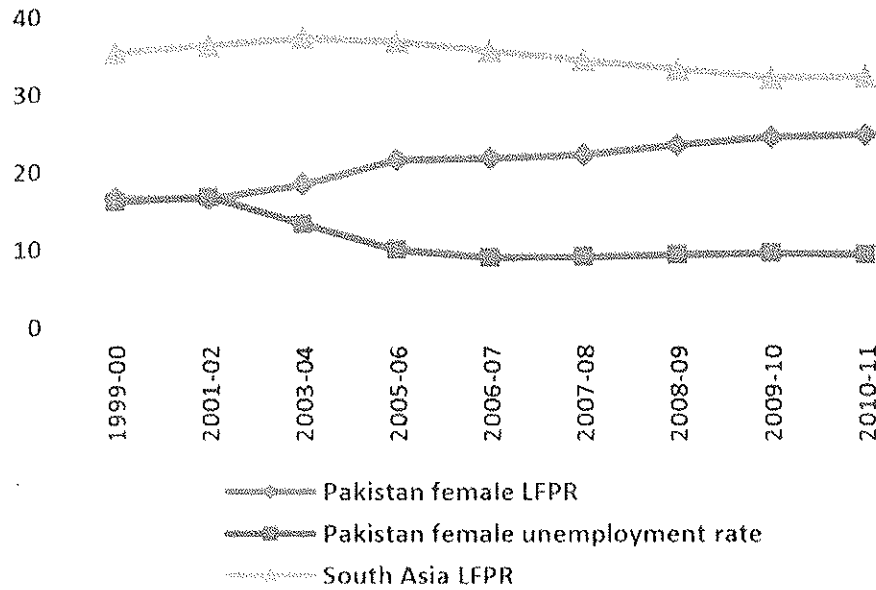
² http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_222834.pdf

Contribution to Pakistan's GDP growth, Supply side (%)
As per ILO report 2013



Looking at the various dynamics of society and poor economic situation of the country, we can infer the under development of the labor as mentioned in the start of the section. Studying the different demographics we can see that the participation of women in the work force is relatively low. Still the rate of female contribution to workforce has increased steadily over the years; it is in fact approaching the average for South Asia but still quite low (International Labour Office, 2013).

Female Labor Force Participation (LFPR)
 Pakistan Bureau of Statistics
 ILO: Key Indicators of the Labor Market, 7th Edition (2011)

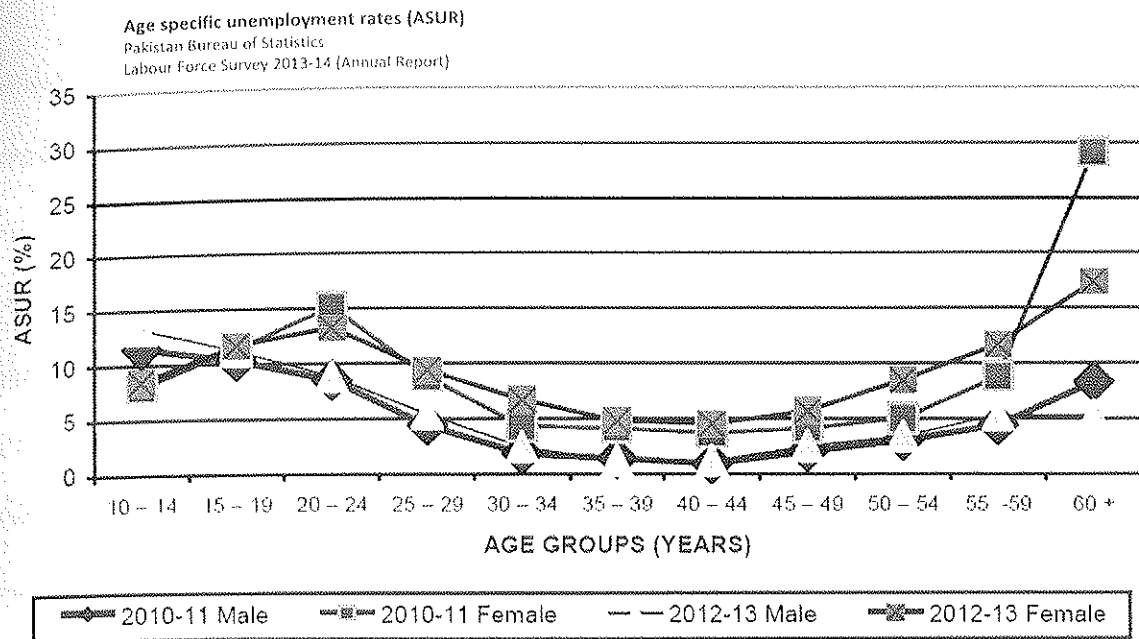


Also, unemployment is a severe concern especially amongst the youth of the country, even if there has been some recent progress. It had decreased to 7.7% with the country's better economic position in 2007 before the financial crisis and rose to 10.3% in 2010. Male and female unemployment both, have similar patterns, with women unemployment being slightly higher. The percentage of salaried and wage workers was also on a decline in 2009 but is now at 39.7% in 2013 up from 36.5%. The lack of a structure in wages is evident from the fact that there has been a rise in the excessive work hours (above 50 hours a week for informal jobs and tasks), especially in the agricultural sector. Reservation wage is also impacted by unemployment benefits as higher benefits cause increases in reservation wage (Krueger & Mueller, 2014). (Maani, 2009) found that reservation wage is increased in case of higher unemployment benefits and that it doesn't change with the duration of unemployment. Unfortunately in Pakistan there is no provision the law for unemployment insurance and benefits. The two laws that cover employee rights are the "Provincial Employees Social Security Ordinance, 1965 and the "Employees Old Age Benefits Act, 1976".

The prior provides social security to ensure employees and their dependents are given benefits in the event of death, injury, maternity and sickness whereas the later governs the various rights afforded to employees at retirement or in other cases such as invalidity, survivor benefits and primarily retirement benefits (ILO Country Office for Pakistan, 2013).

In 2006 the average wage for all areas of employees was Rs. 4988 per month and the average wage is even lower for rural areas at approximately 83% of this wage. Urban areas have relatively higher wage rates at approximately 20% above the national average. There are also disparities amongst the genders with female wage rates being much lower at 64% of the average rate for males (Pakistan Bureau of Statistics, 2007). The wages have shown quite the increasing trend over the last few years having more than doubled, now both sexes average at Rs.12118 per month in 2013. Male average is still slightly higher than women sitting at Rs. 12804 where as women are currently at Rs. 7868. Also rural wages are currently at Rs. 10239 and urban wages are higher at Rs. 14500 (Pakistan Bureau of Statistics, 2014). The government of Pakistan has currently set the minimum wage at Rs. 12000 in 2014. The informal jobs and weak wage structure reflects in the fact that the average wage barely meets the minimum get by the government and that in rural areas people are paid much lesser then even the minimum wage. In urban cities both sexes are currently barely above the minimum wage. This means the reservation wage for the unemployed is even lower than the standards set by the government in several areas.

The age demographic and employment rates of various age groups is also very important to understand labor market dynamics.



Looking at the comparative age group unemployment rates we can note that there has been an increase in unemployed teens from 10-19 which are part of the labor forces, and for the age group 60+ unemployment has declined from 11.9% to 7.3%. It is also alarming that unemployment rates for the age group 25-34 and 40-59 is also on the rise. Not only that but in absolute terms the number of unemployed persons has increased from 3.40 million in 2011 to 3.73 million in 2013 (Pakistan Bureau of Statistics, 2014). As mentioned several times, the labor market and wage structure is quite underdeveloped, poor employment conditions and weaker labor law implementation leads to a very steep decline in occupational safety and health of individuals. Around more than 52.6% consulted a doctor in 2010 and 8.9% had been hospitalized in the same year. The hospitalization percentage has jumped to 10.9% in 2013 (Pakistan Bureau of Statistics, 2013).

Wage structures and labor market trends are also greatly affected by major institutions such as unions which give employees collective bargaining power (Frandsen, 2012). Still there is great disparity or flexibility in the wage structure for Pakistan. In fact 22% of employees fall

in the range of Rs. 15,000 and above for the year 2013. The level of education is also a very important dynamic in the labor market. Having desirable skills, developed through education, increases an individual's chance of employment. Pakistan has a very low literacy rate with only 58.5% of total people with some form of education. This is still a much aggregated figure as only 4.5% of the total participants had level of education of "Degree and above". In the recent years this scenario has shown improvement but only slightly with the total "Below metric" education reaching 59.8%. Females have shown the greatest increase with literacy improving from 46.3% in 2011 to 48.1% in 2013 (Pakistan Bureau of Statistics, 2013).

Labour Force Survey 2013-14 (Annual Report) Pakistan Bureau of Statistics

LEVEL OF EDUCATION - DISTRIBUTION OF POPULATION 10 + YEARS OF AGE BY SEX
(%)

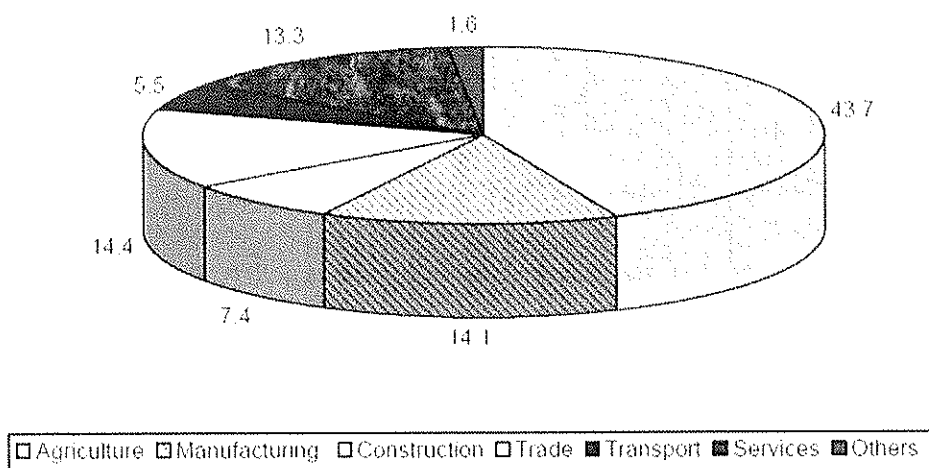
Level of Education	2010-11			2012-13		
	Total	Male	Female	Total	Male	Female
A. Literate	58.5	70.2	46.3	59.8	71.1	48.1
No formal education	0.4	0.4	0.4	0.7	0.8	0.6
Below matric	38.0	45.4	30.2	37.9	44.7	30.8
Matric but less than Intermediate	10.8	13.2	8.4	11.4	13.8	8.8
Intermediate but less than Degree	4.8	5.7	3.9	5.1	6.2	4.1
Degree and above	4.5	5.5	3.4	4.7	5.6	3.8
B. Illiterate	41.5	29.8	53.7	40.2	28.9	51.9
Total (A+B)	100.0	100.0	100.0	100.0	100.0	100.0



The type of job and skill level, are greatly affected by the concentration of the workforce in different industrial segments. There exists rigidity in transfer between specific technical workers of one industry from another. It is important to look into the distribution of the labor market industry wise.

PERCENTAGE DISTRIBUTION OF EMPLOYED: MAJOR INDUSTRY
Pakistan Bureau of Statistics- Labour Force Survey 2012-13

2012-13



Majority of the labor force for Pakistan is concentrated in the agricultural sector with over 43.7% of the workforce being a part of this industry in 2013. The second and third highest work force concentration is in the trade and manufacturing industries sitting at 14.4% and 14.1% respectively in 2013.

The labor market trends and economic analysis of Pakistan points towards very low reservation wage, but there are several other determinants of reservation wage that also need to be explored.

Summing up we can see the dire straits of the Pakistani economy over the last couple of years. Labor market trends can be clearly analyzed to see the changes in minimum wage

and the increase standards set by the government. The various participation rates of the males and females help us also determine if there are other demographic factors that impact reservation wage. The lack of information on the labor force survey participants such as tenure of unemployment makes it harder to assess the impact of these variables on reservation wage. Moving forward we will look into detail of the factors effecting reservation wage and their implications.

Job Search Model and Reservation Wage Determinants

This section will mainly focus on the various determinants of reservation wage, elaborating on the factors and variables according to various studies, their cause and effect on the reservation wage of an individual and which factors need to be studied in more detail. This section will cover the primary model of job search theory by looking into literature. We will also discuss the importance of job search theory and the implications it has for reservation wage. This will lead to a better understanding of the theoretical framework which is adopted for the study.

To understand reservation wage it is important to first look at the job search theory of microeconomics (Fishe, 1982; Prasad, 2001; Rogerson, Shimer, & Wright, 2005; Hall, 2012). The job search theory is all about the chance that an individual will find a job, the duration of unemployment and if an individual will accept that offer keeping in mind their expectations (Andolfatto, 2006);. The early models of wage and job search were made in the 1960s (Coughlin, 1995). With time these models have been applied, revised and developed. Reservation wage theory was introduced by (Stigler, 1962). From the initial works of trying to understand how job search effects economics (J.Stigler, 1961), to dynamic models of why and when an individual should accept a job offer (McCall, 1970), reservation wage plays an

important role. It is assumed that an unemployed person will try to increase and maximize his/her wealth by choosing a reservation wage and the intensity with which they search (Addison, Machado, & Portugal, 2013; Alvarez & Shimer, 2011). This maximization includes several factors, such as sources of other income, the chance that the individual will receive a job offer and whether the distribution of the offer is known or unknown (Topa, Sahin, Mueller, & Faberman, 2014).

Unemployment benefits also greatly affect the reservation wage of an individual (Card, Chetty, & Weber, Cash-on-hand and competing models of intertemporal behavior: New evidence from the labor market, 2007). The better the benefits the higher is an individual's reservation wage but since there is no provision in the Pakistani legal system for unemployment benefits, individual's reservation wages can be expected to be low. Last wage and personal characteristics are two of the most important factors for determining current reservation wage of an individual (Christensen, 2001). This longitudinal study highlights the importance of unemployment insurance and establishes the relationship that individual that are jobless are less motivated to change their financial state if their previous wage was higher than the offers they are currently receiving, or the fact that there is little decrease in the benefits provided to the unemployed. Several individual level characteristics greatly affect reservation wage such as age, gender and education level (Hinnosaar, 2003). She concluded that older people had had lower reservation wage than those between the age groups of 25-49. She also concluded that females have lower reservation wages than men.

The higher the income from other sources the higher is an individual's reservation wage (Schmieder, Wachter, & Bender, 2011). The reservation wage of unemployed is higher when

the individual has income from an underground economy, has unemployment benefits (Andersen & Svarer, 2009), is old (Card, Chetty, & Weber, 2007) or had better previous wage. As long as a person receives income which helps in maintaining the standard of living, s/he will tend to not start or look for a new job as s/he has a higher reservation wage. This other sources of income can be through family members, friends, business etc. People with other sources of income tend to stay unemployed longer (Stancanelli, 1999). The impact of financial assets on an individual's unemployment duration were clearly concluded in the same study. The survey of inflow into unemployment for the UK was used by in connection with the survey of living standards of the UK to find the relation between an individual's chance of leaving unemployment and their financial strength. Although small, the impact of financial assets has a negative impact on the chance an individual has to leave unemployment. Some subjective studies have also been carried out using self-proclaimed reservation wages in a regression model with unemployment duration (Van den Berg, 1990; Caliendo, Tatsiramos, & Uhlendorff, 2013) to prove the positive relation between reservation wage and unemployment duration. Bloemen & Stancanelli (2001) established a strong positive relation between individual's wealth and reservation wage by adopting a three pronged model of transitions into employment, wealth and reservation wages. Concluding, they noted the contingent effect that exists as higher wealth increases an individual's reservation wage, which in turn increases their duration of unemployment. According to Addison & Machado (2010), reservation wage show a decreasing trend over the course of unemployment spell. So the longer a person is unemployed, the less will be reservation wage. We can relate this to the Pakistani labor market where the unemployment rate is quite high and most family have several dependents and few bread

earners, reservation wages might be high as they would be reluctant to work if they are receiving income from other sources.

Studying how long an individual remains unemployed is paramount to developing a welfare policy for the country. This study can also help to understand job seeker trends for recruiters and reasons for unemployment. That is why a lot of research is done to develop efficient methods of determining reasons for unemployment and as discussed earlier the search theory addresses a lot of these concerns. Many econometric approaches to studying unemployment duration have been conducted in the past. Several regressors have been empirically studied to determine their effects on unemployment duration (Wolpin, 2003). Some of the macro factors that impact reservation wage are unemployment rates across the labor market, competition, and wage structures. (Prasad, 2001). This longitudinal study conducted from the data collected by German Socio Economic Panel, provides an empirical look into the mentioned macro factors. There is rigidity present at the lower ends of the wage structure and middle tier wage employees reservation wage is greatly effect by both the supple of skilled labor as well as the economic demand of workers fueled by economic growth and labor market trends such as concentration of work force in industry segments.

The chance that a job offer will be received on a specific wage amount is determined by several labor market factors such the individuals gender, age, skills and personal characteristics. Most importantly it depends with how intensely the effort for the job search is made. Also there are more chances of an offer being made if individual's reservation wage is low. The optimal job search is one where the costs associated with the intensity of search are equal to the expected returns from the search. This means the chance an offer will be

received and then accepted also controls the duration for which an individual will remain unemployed.

Studying the different age brackets and how they impact reservation wage is also very important and one of the main individual characteristic that needs to be looked into. A lot of prior and new studies show that as an individual gets older and approaches the age of retirement, their reservation wage also increases (e.g. Gorter & Gorter, 1993; Addison, Centeno, & Portugal, 2004). Higher reservation wages and claims are not an issue to the economy as long as they are derived from a higher market value of the individual. Through experience and learning and in a healthy, competitive market, individuals should be able to convert their experiential advantage to higher wages (An De Coen, Forrier, & Sels (2010). Also the willingness to change jobs decreases as an individual approaches retirement age and a lesser willingness to move results in higher reservation wages but this relation is established in only modesty. Still several labor market factors such as retirement age, government policies and old age benefits can cause higher reservation wages in the age bracket of 60 plus.

As discussed earlier a person will only accept an offer if the individual is offered a wage higher than their reservation wage. So an individual with a higher reservation wage then average would tend to be unemployed for longer durations because there is a positive correlation between these two factors (Addison & Machado, 2010). Reservation wage does not remain constant either; it changes with several factors over the course of unemployment or for the search of a new job (Krueger & Mueller, 2014). The state of the labor market and trends in employment wages also effect reservation wage. Labor market

factors like employment rate play a major role in changing reservation wages (Addison, Centeno, & Portugal, 2004).

Unionization is a factor that can affect involuntary unemployment, since unions use the concept of collective bargaining to better their circumstance and wage terms, it might involve workers going on strikes for several periods of time which can cause changes in reservation wage. A worker willing to work at a lower wage might not be able to do so due the immense peer pressure and collective union agreements. Still unions are assumed to have the better interest of the workers that are employed than those seeking employment (Lindbeck & Snower, 1986; Weiss, 2014).

Another factor effecting reservation wage is learning behaviors of the individual. Earlier studies also highlight that individuals with high reservation wage might not apply for jobs they know are offering lower, decreasing the chances of being made an offer, making it inappropriate to use just the number of interviews during an unemployment spell as a variable to determine learning behavior and declining reservation wages (Jones, 1988; Wurzel, 2012). When an individual is aloof to market trends, a larger offer then expected further increases the reservation wage. While constant rejections and decreased offers result in an individual decreasing their reservation wage. This learning thus effects how an individual adapts their reservation wage over the course of their job search. This leads to the argument that reservation wage and factors effecting reservation wage are not mutually independent and can be determined simultaneously, which causes it to become difficult to test through empirical methods. Still several studies by econometrics adopt models to deal with this loop of causality between the various variables (Prasad, 2001).

Concluding this section, we will be looked into a few variables that we believe are important in determining reservation wages. Although both macro and micro factors effect reservation wage, we will continue specifically from a Pakistani context where there is little data collected through the labor force survey and several factors such as no provision for unemployment benefits greatly affect reservation wage. Age, previous/current income, gender, marital status and education level will all be analyzed. The next chapter will cover the reservation wage history and relation to labor economics.

Labor Economics and Reservation Wage

According to (Benjamin, Gunderson, & Craig Riddell, 2007) economics is the science of allocating scarce resources to satisfy human wants. Labor economics is that category of economics that emphasizes on the “development, conservation, allocation and application” of Human Resource; where conserve refers to prevention of overuse of this resource, development is the process of enhancing skills and productivity of the resource, allocation is distribution of resource in the industry and application is proper use of the resource.

Labor economics basically functions through interactions of employee (supply) and employer (demand of service) and aims to comprehend the functioning and dynamics of the resulting wage, employment and income patterns (Cahuc, Carcillo, Zylberberg, & McCuaig, 2014). Labor is defined as the work, exercise or operation done by a Human Resource. Just like any other commodity, the law of supply and demand is also applicable to labor force. In a market where there is a high supply of work force and less demand the compensation or reservation wage will be low and vice versa (Diamond, 2011). As already discussed, Human Resource gets a compensation, wage or pay for the labor they do, (Boeri, 2012) states that there are two ways of deciding a minimum wage, either its legislated by the government or

is a result of collective bargain agreement between employee and employer in the industry. The minimum wage set by the government is interestingly lower than the wage set within collective agreements. In Pakistan, we see both types of minimum wage determinants. As per the budget 2014-15 by Government of Pakistan, minimum wage is Rs 13,000. Here it is important to mention that this minimum wage is for unskilled & juvenile workers. Similarly the rest of compensation and wage is decided by the employer.

Findings by various researches elaborated below show that determinants of labor supply and demand and minimum wage are more complex in reality and these determinants account for difference in compensation for different people. Education and experience (Sahn & Alderman, 2005); schooling (Bowles, Gintis, & Osborne, 2000); job security (Bertola, 2000); motivation toward work, political affiliations, age, gender, (Bhattarai & Wisniewski, 2002; An De Coen, Forrier, & Sels 2010); unemployment insurance (Fishe, 1982; Addison, Centeno, & Portugal, 2008) are some of the factors that influence the supply and demand along with minimum wage.

3. Framework & Methodology

In this section we will look at the relationships between our basic variables adopted for the research and our reasoning for doing so. This will shed light on what we are measuring and how we will go about collecting data.

This study will be using individual level data for analysis, collected primarily through sampling of the population which is the best alternative to having access to Labor Force Databases as used by Malk (2014). Having access to the Pakistan Labor Force Survey Database would have been ideal but that access is limited due to restrictions presented by the organization responsible for data collection on a national level. The labor force survey (LFS) covers statistics of unemployment and minimum wage rates of the country collected by the Pakistan Bureau of Statistics. The total respondents of the LFS are around 35000 household which represent the working force of the nation, out of which 6336 were from the urban areas of Punjab, the location where this research is being carried out. The determinants of our sample size include using a confidence interval of +/- 10, we can say that we are 95% confident that our results represent our population and for even further rigor the sample size can be increased to achieve a higher level of confidence interval (Malk, 2014). The below mentioned equation is used to calculate the sample size:

$$S = [Z^2 \times (P) \times (1-P)] / C^2$$

Where:

S, is our sample size

Z, Z value with respect to our confidence level of 95% i.e. 1.96

P, standard of deviation of responses, estimated at 0.5

C, confidence interval or margin of error kept at +/- 10

In our survey we also included the responses of unemployed individuals who reported their reservation wages as the choice to remain unemployed also affects reservation wage (Maani, 2009). Sources of income were asked from the respondents in a multi-answer format and an index value used. The number of sources selected was then added up for each individual. The one concern here is that there is no estimation of the amount of income as it may vary greatly between the sources for example two options of the sources of income were, "Salary, profit from entrepreneurship/business activities" and "Income of parents or other relatives/friends" can both have huge spreads in magnitude and vary from individual to individual, which is a limitation of this study. The data for our dependent variable is which is collected based on the question in the survey "How high should the gross salary be for you to accept a job" (Malk, 2014) the scope of which covers data collected during 2014-15.

Some socio-demographic factors also play an important role in our study (Hall, 2012). These explanatory variables; age and number of children are taken directly from the survey questions "When were you born?" and "How many children do you have?" respectively. Age was then calculated by using the number of days between the reception of the response and the date of birth, based on a 365-day year. Other variables such as marital status, level of education, gender have been modeled using a dummy variable approach (Malk, 2014). The categorical variable Avg. house hold income, was used to determine income level. The median of the categories was then used to estimate the average income per family members, which was also asked via the question "What is the total number of family members living with you?" Usually using multi-categorical variables in a dummy approach can be tricky but since the response options have been presented on an evenly distributed scale, it should not be an issue (Malk, 2014).

The reservation wage changes primarily with other sources of income, the current wage of an individual and average income per family member. The size of reservation wage can increase or decrease depending on several macroeconomic factors also as previously discussed. For this purpose we have used regression to easily measure changes in the monetary variables i.e. if the coefficient of our current wage is 0.9, than a 100 Rupee change our current wage directly corresponds to a 90 Rupee change in our reservation wage. In this study we will be instrumentally studying only the micro level determinants of reservation wage; age, gender, marital status, level of education, represented by the equation below:

$$W^R = A + B_1W_C + B_2I + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6$$

Where:

W^R , is the reservation wage.

W_C , is the current wages

A , is our constant

B_1 , is the coefficient of current wage

I , is average income per family member

B_2 , is the coefficient of average income per family member

B_3 , is the coefficient of age

B_4 , is the coefficient of gender dummy

B_5 , is the coefficient of marital status dummy

B_6 , is the coefficient of education dummy

X_3 , is the age

X_4 , is the gender

X_5 , is the marital status

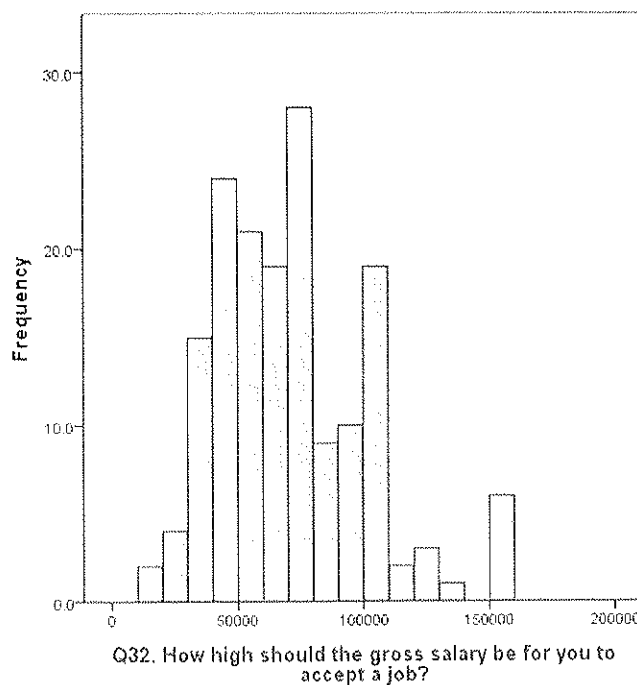
X_6 , is the education level

As per our literature review and framework, an increase in current wage, other sources of income and age would result in an increase of reservation wages. Since an increase in unemployment duration increases reservation wage and a higher reservation wage also increases unemployment duration, an endogeneity problem may occur. For this reason unemployment duration, although a major factor influencing reservation wage, is being left out of the study. In the next chapter we will look at descriptive statics of our sample before moving on to our analysis.

4. Data Description

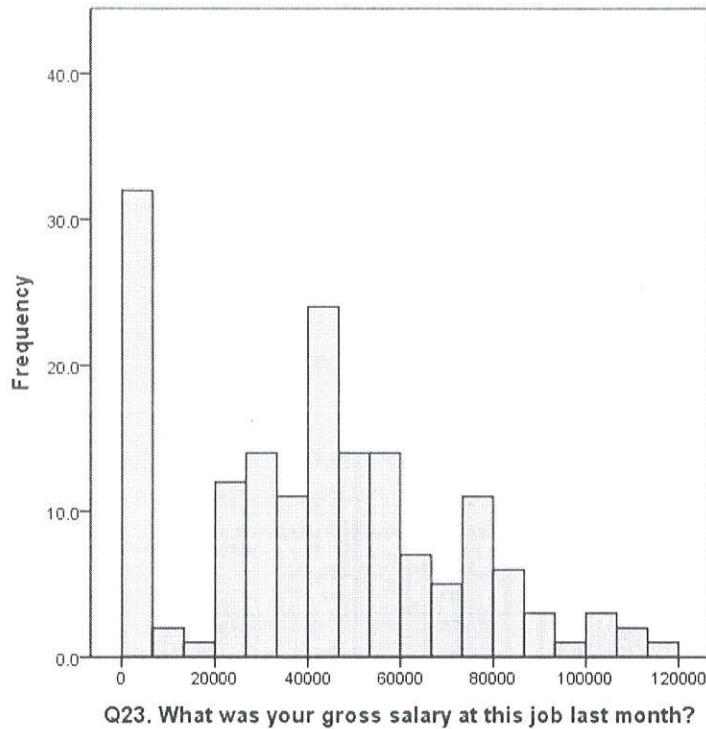
This section covers the basic description of the data, which has been collected at an individual level. This cross sectional data for reservation wage was collected by the means of a survey. Initially over 500 people we contacted out of which we were only able to collect 95 respondents. An additional 500 were than contact and responses were received from only another 71 respondents. The data was than adjusted and outlier values of reservation wage were removed from our sample leaving us with a size of 163 respondents residing in Punjab, Pakistan for our analysis.

The graph below shows the frequencies of our main dependent variable i.e. reservation wages:



As you can see in the graph above, most of the reservation wages fall between PKR 25000 to PKR 100000.

The next graph represents the current wages of individuals:



The current wages of individuals is also normally distributed with most falling between the PKR 25000 to PKR 100000 range.

As for our descriptive variables; the average age of respondents of the survey was 26.9 years with the minimum age at 22.8 years and the maximum age of 40.6 years. This spread would give us a good estimate on how the reservation wage changes with respect to age. While 48.8% of our respondents were females and 51.2% males showing almost equal participation from both genders. Out of total respondents 60.2% were single and 39.8% were married. Most of the respondents were also post graduates at 69.3% and only 30.7% were undergraduates.

5. Data Analysis & Discussion

Correlation study was carried out on our main variables, as it is important to develop a casual relation before proceeding to regression analysis (Malk, 2014). The below mentioned table highlights significant correlations:

		Age	Gender Dummy	Marital Dummy	Education Level Dummy	Income Per Family Member	Q23. What was your gross salary at this job last month?	Q32. How high should the gross salary be for you to accept a job?
Age	Pearson Correlation	1	.156*	.447**	.243**	.031	.339*	.312*
	Sig. (2-tailed)		.047	.000	.002	.696	.000	.000
	N	163	163	163	163	163	163	163
Gender Dummy	Pearson Correlation	.156*	1	-.043	-.088	-.158*	-.018	-.064
	Sig. (2-tailed)	.047		.589	.261	.044	.621	.418
	N	163	163	163	163	163	163	163
Marital Dummy	Pearson Correlation	.447**	-.043	1	.144	.158*	.333**	.276**
	Sig. (2-tailed)	.000	.589		.066	.044	.000	.000
	N	163	163	163	163	163	163	163
Education Level Dummy	Pearson Correlation	.243**	-.088	.144	1	.105	.243**	.249**
	Sig. (2-tailed)	.002	.261	.066		.182	.002	.001
	N	163	163	163	163	163	163	163
Income Per Family Member	Pearson Correlation	.031	-.158*	.158*	.105	1	.214**	.179*
	Sig. (2-tailed)	.696	.044	.044	.182		.006	.023
	N	163	163	163	163	163	163	163
Q23. What was your gross salary at this job last month?	Pearson Correlation	.339*	-.018	.333**	.243**	.214**	1	.734**
	Sig. (2-tailed)	.000	.821	.000	.002	.006		.000
	N	163	163	163	163	163	163	163
Q32. How high should the gross salary be for you to accept a job?	Pearson Correlation	.312*	-.064	.276**	.249**	.179*	.734**	1
	Sig. (2-tailed)	.000	.418	.000	.001	.023	.000	
	N	163	163	163	163	163	163	163

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

The analysis clearly shows that all our independent variables are significantly correlated with our dependent variable i.e. the reservation wage. The highest correlation is clearly between current wage and reservation wage which is .734 significant at the 0.01 level. The second highest correlation with our independent variable is that of age at .312 significance, followed by marital status which has a significance of .276.

After establishing strong correlation of our variables we proceed by conducting a multiple regression to determine how much each variable impacts reservation wage and what is the overall fit of our model (Malk, 2014).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.551	.534	19998.969

a. Predictors: (Constant), Q23. What was your gross salary at this job last month?, Gender Dummy, Education Level Dummy, Income Per Family Member, Marital Dummy, Age

An R value of .742 shows that our data is a good fit in the overall model and our independent variables are a good predictor of reservation wage. With an R Square of .551 we can say that independent variables can predict a 55.1% change in our dependent variable. Also since the adjusted R square is also very close to R square we can conclude that there will be minimal shrinkage and our results can easily be generalized to our population.

As already mentioned in the methodology, the socio demographic variables used in the model are age, average income per family member. Dummy variables used are education, marital status, and gender.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.656E10	6	1.276E10	31.902	.000 ^a
	Residual	6.239E10	156	4.000E8		
	Total	1.390E11	162			

a. Predictors: (Constant), Q23. What was your gross salary at this job last month?, Gender Dummy, Education Level Dummy, Income Per Family Member, Marital Dummy, Age

b. Dependent Variable: Q32. How high should the gross salary be for you to accept a job?

In the ANOVA table above we can clearly see that the independent variables statistically significantly predict the dependent variable, $F(6, 156) = 31.9, p < .000$ making the equation for reservation wage as follows (The detailed coefficients table can be found in Appendix I):

$$W^R = 19620.5 + .709(W_C) + .018(I) + 668.1(\text{Age}) - 3250.2(\text{Gender, Male}) - 64.8(\text{Marital Status, Married}) + 3552.1(\text{Education, Post Graduate or above})$$

The analysis supported by the literature review has set the base for discussion on determinants of reservation wage. The first variable under discussion is current wages. Every PKR 1 increase in current wage increases reservation wages increase by PKR .709 on average.

The sample had participants from a minimum age of 22.8 years and the maximum age of 39.6 years. Interestingly, with every year that passes an individual's reservation wage increases by PKR 668.1 on average.

Gender also impacts an individual's reservation wages and in our analysis females on average want to work for PKR 3250.2 more than the males. Being married increases an individual's reservation wage by only PKR 64.8 on average meaning that single individuals would be willing to take a lower wage to switch or start a new job.

Being a post graduate increase an individual's asking wage by a huge amount of PKR 3552.1 on average with under graduate willing to work for quite lesser amount.

The next determinant, average income per family member interestingly also plays a role in an individual's reservation wage. Every PKR 1 increase in income per family member increases the reservation wage of individuals by PKR .018.

6. Conclusions

From our discussion we can conclude the variable that contributes the most when an individual is making a decision to switch a job or start a new job is the individual's current wage. This is also supported in the longitudinal study by (Hinnosaar, 2003) who states that if an individual's current salary is higher than the salary being offered then the individual is least motivated to change his job. Furthermore, keeping in mind the Pakistani context it is

important to understand that the current economic situation coupled with lack of unemployment benefits or institutional/governmental support the main focus of an individual is to get a higher compensation package in the job.

Also as a person gets older their reservation wage increase. For instance, if two persons are applying for the same job then younger person would be willing to work for lesser than the older person. (Gorter & Gorter, 1993); (Addison, Centeno, & Portugal, 2004) and (An De Coen, Forrier, & Sels, 2010) also showed in their studies that as an individual gets older and approaches the age of retirement, their reservation wage also increases.

With males having the dominated role in the society, mainly because Pakistan is a patriarchal society where gender role are very well defined, males are the bread earner of the family and therefore under pressure to earn and make ends meet. Thus a primary concern for them is getting any job rather than worry about higher wages. Also women who are to only supplement the house hold income are willing to refuse lower paying jobs. Dissimilar is the case with married bread earners and this is mainly because being married adds a lot of responsibility on an individual, making it a primary concern to earn more gross wages.

Looking at the current job market, where jobs are scarce, opportunities are limited and graduates are churned out a post graduate degree is more of a necessity than an added advantage due to the time and financial investment in pursuing higher studies. So the individuals with more qualifications expects to be compensated more.

Since the only variable that was significant was gross salary with $p < .000$, (Appendix I) it can be interpreted as the most important variable for reservation wage determination. Clearly in the socioeconomic dynamics of Pakistan the one aspiration all individuals have is change

in gross wages and other factors which should impact reservation wage as per the studied literature are just not significant (see Appendix I). In perhaps a society where the informal employment sector is huge and economic situation is only just taking a turn for the better, our currently salary is the most important factor in determining our reservation wage for switching or starting a job.

7. Recommendation for Further Study

This research has been conducted on a small population size focusing only on an urban area. Considering 44% of our labor force comprises of primary sector employees i.e. skilled agriculture & fishery activities (Pakistan Bureau of Statistics, 2013), it is recommended to extend this study to the rural audience as well.

Similarly, since the research was only conducted in Punjab so a wider application of this study is recommended by incorporating more labor force participants from other provinces to truly represent Pakistan's employment trends with respect to reservation wage.

One of the primary determinants of reservation wage as per the extensive literature review is unemployment duration (Addison & Machado, 2010). To focus on this it is recommended to conduct a longitudinal study of the unemployed labor force to determine the impact of this variable on reservation wages in contrast to this study which focuses on cross sectional data.

If studies want to be conducted further on cross sectional data it, is recommended to increase the sample size significantly to minimize the impact of the diverse industries, departments, employment types and ranging income levels on the results. Due to

constraints of time, resources, lack of respondents and scope of work for this research, these measures could not be undertaken.

8. Appendix

I – Coefficients of variables

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	19620.525	15010.478		1.307	.193
Age	668.183	598.488	.072	1.116	.266
Gender Dummy	-3250.211	3255.150	-.056	-.998	.320
Marital Dummy	64.838	3707.033	.001	.017	.986
Income Per Family Member	.018	.078	.013	.233	.816
Education Level Dummy	3552.177	3568.788	.056	.995	.321
Q23. What was your gross salary at this job last month?	.709	.062	.692	11.497	.000

a. Dependent Variable: Q32. How high should the gross salary be for you to accept a job?

II – Questionnaire

Survey of Reservation Wage Determinants

THE SURVEY

Personal Information

Q1. When were you born? *

mm/dd/yyyy

Q2. Gender *

Male

Female

Q3. What are your sources of income? *

Mark all options that apply to you.

Salary, profit from entrepreneurship/business activities

Property income, income from capital (income from rent, interest, dividends)

Selling of self-produced agricultural products

Income of spouse, parents or other relatives/friends

Retiree

Stipend, study benefit

Child allowances

Loans (incl. state loans)

Savings, sale of property

Maintained by an institution

Other: _____

Q4. What is your average House Hold Income *

Rs. 0/000 below

Rs. 20000-40000

Rs. 40000-60000

Rs. 60000-80000

Rs. 80000-100000

Rs. 100000-120000

Rs. 120000-140000

Rs. 140001 above

Q5. What is your Marital Status ?

- Married
- Single

Q6. How many children do you have? *

Q7. What is the total number of family members living with you? *

Q8. Which of the following describes your current status best at this moment?

- Full-time at work
- Part-time at work
- Business Activities
- Unemployed
- Pupil, student, further training, unpaid work experience
- In retirement or early retirement or has given up business
- Permanently disabled
- Military or community service
- Fulfilling domestic tasks

Education

Q9. What is your current education level ?

- Below matrix
- Matrix but less than Intermediate
- Intermediate but less than Under Graduate
- Under Graduate but less than Post Graduate
- Post Graduate or above

Q10. When did you complete your most recent qualification? *

mm/dd/yyyy

Q11. Did you study part time or full time. *

Part Time

Full time

Other

Q12. Are you currently enrolled in a school or university?

Yes

No

Q13. Are you studying part time or full time?

Part Time

Full Time

Other

Work Experience

Q14. Are you currently employed?

If the answer is no, please move on to Q26

Yes

No

Q15. Please indicate the full name of the enterprise/institution where you are currently employed.

Q16. Do you work part time or full time?

Part Time

Full Time

Q17. Are you on a contractual or a permanent position?

Contractual

Permanent

Q18. What is the company type?

Public Company

Private Company

Other

Q19. Is this enterprise/organisation profit-oriented or not for profit?

Profit oriented

Not hired

Other

Q20. When did you start at this job?

mm/dd/yyyy

Q21. How did you find this job?

Mark all options that apply

- Asked relatives or friends
- Responded to job advertisements
- Placed job seeking advertisements
- Contacted employers directly
- Started working in a family enterprise
- Other

Q22. Do you have supervisory responsibilities (do you supervise other employees)?

Yes

No

Q23. What was your gross salary at this job last month?

Q24. How far is your (main) job from your home?

(in km)

Q25. Does your job correspond to your educational level?

Yes

No, it is below my education level

No, it is above my qualification

Q26. When did you last have a job?

Fill in today's date if you are currently employed

mm/dd/yyyy

Q27. Have you been seeking a new or an additional job?

Yes

No

Q28. Why were you seeking a new or an additional job?

- Risk or certainty of loss or termination of present job
- To have a better pay
- To have a more convenient journey to work
- To have a job with a better fit with my individual qualifications and skills and/or better prospects for career advancement
- To have a more convenient working time arrangement to care for children or an incapacitated adult
- To have a more convenient working time arrangement for other personal or family reasons
- To have a more adapted job for my health condition
- Actual job is a transitional job for me (until a more suitable one could be found)
- Other

Q29. Since when have you been seeking a job?

mm/dd/yyyy

Q30. Were you seeking a full or part-time job?

- Only full time job
- Full time job, but would also accept a part time job
- Part time job, but would also accept a full time job
- Only part time job
- Other

Q31. Which of the following categories did you belong to when starting job seeking?

- Lost a job because of dismissal or personnel reduction
- Lost a job because of expiring of employment contract
- Employed
- Quit a job
- Entrepreneur
- Freelancer
- Released from military service
- Dismissed from school
- Out of state
- Not working statistic
- On pregnancy or maternity leave
- Was laid off
- Other

Q32. How high should the gross salary be for you to accept a job? .

Q33. Are you seeking a job only on your level of education or would you also accept a job requiring a lower level of education?

- Only on the corresponding level of education
- Would also accept a job requiring a lower level of education

Q.34 What steps have you taken during the past four weeks to find a job?

Mark all options that apply

- seek a job through private employment bureau
- Contact employers directly
- Ask relatives or friends
- Respond to job advertisements
- Place job advertisements
- watch job advertisements
- go to a job interview, took an exam or a test
- seek for land, rooms, equipment, employees, etc. to start an enterprise
- Apply to register own enterprise/firm, for activity license or loan
- wait for an answer to a job application
- wait for an earlier contracted job to start
- Other

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