

Research Statement

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The main theme of my research is job security and human capital issues in current labor markets. Recent empirical evidence suggests (i) the emergence and persistence of non-regular employment (having a job that is less protected than a regular one), (ii) the human capital accumulation gap at workplace between non-regular and regular employees, and (iii) the over-education and under-employment among youth. The major objective of my research is to (i) reveal economic mechanisms behind those facts by proposing a structural model, or utilizing cutting-edge econometric tools, and (ii) derive evidence-based policy implications to improve labor market performance. Below I sketch out some of my ongoing projects to portrait the landscape of my research interests.

My job market paper, “Persistence of Temporary Employment: The Role of Training,” exemplifies my research interests. The paper was motivated by observations that temporary workers receive less on-the-job training than their permanent counterparts, and the rate of transition from temporary to permanent employment is limited. In order to account for these facts, I build a random-search model with endogenous contract types and training decisions. In the model, firms hire the less-educated as temporary workers to avoid the regulatory firing costs imposed on permanent contracts, and employers provide little training to temporary workers because temporary contracts shorten the investment horizon. Consequently, the observed persistence of temporary employment, known as “temporary job trap,” is endogenously well-reproduced by the model—a novel feature in the literature. The developed structural model allows me to deal with policy-relevant questions, such as how far the current labor market is away from its potential, and how policymakers can improve labor market efficiency. I address these questions in the context of Korea because its labor market is facing challenges from the rise of temporary employment. The main quantitative findings suggest that the current labor market regime depresses output 9.4% below its potential (with 43% of that gap explained by the lack of training for temporary workers), and that subsidizing training can lead to substantial output gains by inducing workers and firms to invest more in training.

My interest in econometric methods is reflected in another project, titled “Nonparametric Inference on State Dependence among Temporary Workers.” I examine the following question: why does temporary employment persist? There are two possible answers. First, previous temporary employment experience could have a causal effect on current employment status (state dependence). Second, temporary workers might have higher propensities for temporary jobs (persistent unobserved heterogeneity). Thus, the main goal of this paper is to distinguish state dependence from persistent unobserved heterogeneity to understand persistence in temporary employment. For this purpose, I develop a nonparametric framework by extending the dynamic potential outcomes model recently proposed in the literature. The nonparametric analysis based on British data indicates little evidence of state dependence among British temporary workers: at most 31.3% of temporary workers in a given period would have permanent contracts if they had been permanent workers in the previous period. I am currently working on investigating whether the same implication can be drawn from other countries.

My current work in progress includes a paper titled “Education, On-the-job Training, and Temporary Employment.” In this work, I explore how the well-documented complementarities between education and training are affected by the rise of temporary employment. The coexistence of temporary and permanent jobs in the labor market may affect returns to schooling, and thus, schooling decisions. Meanwhile, both types of jobs have different incentives for training their employees. Thus, the main goal of this project is to document the degree of change, if any, in the complementarities between education and training, and study the resulting welfare implications. I am currently developing a structural model with endogenous schooling, training, and contract-type decisions by extending the model in my job market paper.