

[IZA News](#)[About IZA](#)[Organization Chart](#)[People](#)[Research](#)[Labor Policy](#)[Publications](#)[Discussion Papers](#)[Policy Papers](#)[Standpunkte](#)[Books](#)[Research Reports](#)[IZA Compact](#)[IZA in the Press](#)[Publication Record](#)[Journals](#)[Events](#)[IZA Prize / YLE Award](#)[Teaching](#)[Links / Resources](#)[Press](#)

IZA



Scarring Effects of Remaining Unemployed for Long-Term Unemployed School-Leavers

by Bart Cockx, Matteo Picchio

(August 2011)

forthcoming in: Journal of the Royal Statistical Society Series A, 2012

Abstract:

This study investigates whether and to what extent further unemployment experience for youths who are already long-term unemployed imposes a penalty on subsequent labor market outcomes. We propose a flexible method for analyzing the effect on wages aside of transitions from unemployment and employment within a multivariate duration model that controls for selection on observables and unobservables. We find that prolonging unemployment drastically decreases the chances of finding employment, but hardly affects the quality of subsequent employment. The analysis suggests that negative duration dependence in the job finding rate is induced by negative signaling and not by human capital depreciation.

Text: See [Discussion Paper No. 5937](#)



[Back](#)