

EMPLOYMENT VULNERABILITY IMPACT ON EARNINGS AND SUBJECTIVE WELL-BEING IN A DEVELOPING COUNTRY CONTEXT: EVIDENCE FROM KYRGYZSTAN

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Background

- ❖ **Employment vulnerability is multidimensional concept and can be defined as the risk of working under inadequate conditions (Bazillier et al., 2016)**
- ❖ **Kyrgyzstan is landlocked and one of the poorest countries in the Europe and Central Asia region**
- ❖ **Only 46.0 per cent of wage employees have permanent job, while remaining share has contracts for limited period or work without any contracts**
- ❖ **More than 70 per cent of the active labour force is employed informally (NSCKR, 2016)**

Objectives

- ❖ **Examine the effect of employment vulnerability on earnings and subjective well-being in Kyrgyzstan, and exploring for differential effects by gender**

Data

- ❖ **Panel data for 2010-2013 and 2016 from "Life in Kyrgyzstan" household survey**

Methods of Estimation

- ❖ Panel Fixed Effects – for subjective well-being equation
- ❖ Panel Fixed Effects with IV within the Lewbel (2012) approach – Instrumental variable - Household shock. For earnings equation only

Table 2. Estimation Results: Employment Vulnerability impact on Earnings

	FE	FE2SLS (Lewbel's Method)		N
		Generated IV	Generated and exogenous IV	
Total sample	-0.0222* (0.0134)	-0.1858** (0.0739)	-0.1924*** (0.0717)	4272
Male	-0.0056 (0.0153)	-0.1590** (0.0803)	-0.1746** (0.0785)	2805
Female	-0.0651** (0.0275)	-0.2688** (0.1300)	-0.2555** (0.1250)	1467

Table 3. Estimation Results: Employment Vulnerability impact on Subjective Well-Being

	Total sample	Male	Female
Employment vulnerability	-0.1193*** (0.0285)	-0.1389*** (0.0336)	-0.1006* (0.0544)
ll	-6696.677	-4406.815	-2277.975
r2	0.1242	0.1190	0.1474
N	4362	2879	1483

Table 4. Estimation Results: Employment Vulnerability impact on Subjective Well-Being by Earnings Quantile Groups

	Earnings Quintiles				
	1 st	2 nd	3 rd	4 th	5 th
Total sample	-0.2039*** (0.0679)	-0.2167** (0.1024)	-0.0162 (0.0897)	-0.0245 (0.1019)	0.0462 (0.0799)
Male	-0.1684** (0.0804)	-0.2950** (0.1277)	-0.1616 (0.1163)	-0.1065 (0.1219)	0.0862 (0.0939)
Female	-0.3446** (0.1344)	-0.1992 (0.2011)	0.2252 (0.1391)	-0.0402 (0.1997)	-0.1334 (0.1590)

Key Findings and Recommendations:

- ❖ Both estimations of earnings and subjective well-being models indicate negative impact of employment vulnerability
- ❖ The negative effect of employment vulnerability on subjective well-being is evident in the lowest earnings quintile group
- ❖ Women experience this negative effect more severe both in earnings and subjective well-being
- ❖ Conceptualize labor market policy with its focus on the issue of vulnerability of employment
- ❖ Action plan towards women empowerment in labour market with special focus on those with lowest earnings.

Table 1. Employment Vulnerability and Subjective Well-Being

Employment vulnerability	The sum of the following dummy variables
– Contractual security and business informality	1= no contract, no workbook or business unregistered
– Underemployment	1= individual works less than 35 hours per week, 0=otherwise
– Additional employment	1= individual has second job, 0=otherwise
– Duration of work	1= individual has been working in the current work less than 12 month, 0=otherwise
– Job stability	1=job change during the last 12 month
– Job satisfaction	1= dissatisfied with current job
– Other employees	(1= no other employees)
Subjective well-being	
“How satisfied are you today with the following areas of your life?:	
1. How satisfied are you with your health	
2. Your household income	
3. Your personal income	
4. Standard of living of your household	
5. Your dwelling	
6. Your family life	
7. The quality of education at your children's school	
8. Your security	
9. Childrens'/young generation's future	
These indicators are evaluated by individuals in 10 points scale from 0 “completely dissatisfied” to 10 “completely satisfied”. Subjective well-being index is estimated as the average of these values	

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