**Cal Hofman and Xavier Friesen, EP 2023**

**Research Question:**

Our main aim is to replicate the paper of Huysse-Gaytandjieva et. al. with their research question: Does low self-esteem increase the probability of becoming unemployed and how does this differ between genders? To compliment their work, we will replicate the paper with the LISS data set to test whether their results hold up with a different panel group. Additionally, we are curious to explore the possibilities to apply IVs to the regression, for instance the relationship between self-esteem and education and its effect on the probability of unemployment.

**A Preliminary Look at the Literature:**

The literature is straight-forward about the effect that self-esteem has on the lower productivity and risk-tacking of those with low-self-esteem. Self-esteem causes a self-protecting orientation (Baumeister 1999), which in turn makes them more risk-averse (Josephs, et al. 1992). Consequently, to protect their fragile ego, people with low self-esteem are likely to use self-handicapping strategies resulting in poorer job performance and thereby increasing their risk of unemployment (Huysse-Gaytandjieva et. al., 2014). Similarly, those with low self-esteem to remain in their current jobs, even if the prospectives of a different employment opportunity are superior (Schroeder et. al., 2006). As such, those with low self-esteem are below-average in terms of productivity and are less willing to explore new employment opportunities, increasing their risk of unemployment.

Yet, it is unclear whether self-esteem is the direct factor determining employment or whether it is an indirect factor for determining long-term employment. For instance, low-self-esteem can lead to unhealthy behaviours like alcohol and drug usage, leading to health deterioration consequently poorer job performance (Baumeister et al. 2003). Additionally, those with lower self-esteem are less educated and thus are overrepresented in industries with lower wages and lower job security (Emler 2001). Thus, self-esteem might be an instrumental variable in determining long-term unemployment via diet and education choices.

**Data**

Our main independent variable of interest is self-esteem. To calculate self-esteem at t = 0, we use the Wave 1 of the Personality data-set by LISS Panel – Data. The questions CP08a070 – CP08a079 can together be converted into the well-known Rosenberg Self Esteem scale (Rosenberg, 1995). The scale measuring trait self-esteem is the predominant tool in self-esteem research.

Our main dependent variable of interest is employment status over time. This data can be found in the Work and Schooling survey of LISS under question cw08a001: “does the respondent have paid work?”. Potentially, this dummy should be further modified, for example by also excluding students from the unemployed group. Data for this is available. This questionnaire is being sent every year to participants, and in total 15 waves of data are available.

Our main mediator is gender. Data for this question is made available in the background variables survey of LISS. In the background survey, and the work and schooling survey other potential control variables as education status, occupation and marital status are also available.

**Bibliography:**

Huysse-Gaytandjieva, Anna, Wim Groot , Milena Pavlova, Catelijne joling, Low self-esteem predicts future unemployment. *Journal of Applied Economics.* Vol XVIII, No. 2 (November 2015), 325-346

Baumeister, Roy (1999) *The self in social psychology.* Psychology Press Taylor and Francis Group.

Baumeister, Roy F., Jennifer D. Campbell, Joachim I. Krueger, and Kathleen D. Vohs (2003) Does high self-esteem cause better performance, interpersonal success, happiness, or healthier lifestyles? *Psychological Science In The Public Interest* 4:1-44.

Emler, Nicholas (2001) Self-esteem. The costs and causes of low self-worth.

http://www.jrf.org.uk/sites/files/jrf/1859352510.pdf (accessed 15 November 2023)

Josephs, Robert A., Richard P. Larrick, Claude M. Steele, and Richard E. Nisbett (1992) Protecting the self from the negative consequences of risky decisions. *Journal of Personality and Social Psychology* 62:26-37.

Schroeder, D., Josephs, R., & Swann Jr, W. B. (2006). Foregoing lucrative employment to preserve low self-esteem. *Unpublished manuscript, University of Texas*.

Rosenberg, M. (1965). Society and the adolescent self-image. Princeton, NJ: Princeton University Press.