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Estimating the reservation wage across city groups in Colombia: A stochastic frontier approach

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Publication Date: Wednesday, 30 of June 2021 Abstract
We use the stochastic frontier approach to estimate the reservation wage across different city groups in Colombia. We use the information of GEIH from 2008-2019 of 23 urban cities. We find empirical evidence in favour of the search theory predictions that suggest a positive relation of the reservation wage with the level of education and with the net family labour income. We also find a gender gap in the reservation wage and explore this gap controlling by the level of education and presence of children in the household. Contrary to the results found in the literature, we find that the presence of children reduces the reservation wage of women and men. Finally, we found that the reservation wage increases with the level of development and productivity of the cities, however, qualified workers in low-quality cities present higher reservation wages than median quality cities.

Fuente: https://www.banrep.gov.co/en/estimating-reservation-wage-across-city-groups-colombia-stochastic-frontier-approach