

# **The Causal Effects of Education on Adaptability to Employment**

## **Shocks: Evidence from the Canadian Labour Market\***

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### **Abstract**

This study investigates the causal effects of education on individuals' adaptability to employment shocks. Specifically, we assess the extent to which education influences re-employment success for unemployed workers. We also examine the impact of education on job search intensity, one potential mechanism through which education may increase the probability of re-employment following unemployment. Given that the positive correlation between education and adaptability is likely to be confounded by the endogeneity of education, we make use of data on compulsory schooling laws to create instrumental variables to assess the causal effects of education on adaptability. Based on data from the Canadian Census and the Labour Force Survey, we find that education both significantly improves re-employment opportunities and exerts significant positive impacts on job search intensity for the unemployed.

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Unemployment, Job Search, Causal Effects, Compulsory Schooling Laws

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