S1 File. Average Partial Effects

(1) Average partial effect of becoming unemployed for someone short-term unemployed (compared to someone low-paid employed)

$$\text{Partial effect}_{i}^{(ue)} = \Phi \left( \hat{\beta}_{13} + \text{ue-rate} \times \delta_{13} + \tilde{x}^{(hp)}_{i} \hat{\beta}_{1} + y_{i0}^{(hp)} \hat{\delta}_{11} + y_{i0}^{(hp)} \hat{\delta}_{12} + y_{i0}^{(ue-short)} \hat{\delta}_{13} + \tilde{x}_{i} \hat{\beta}_{4} + z_{i} y_{i0}^{(hp)} \hat{\eta}_{11} + z_{i} y_{i0}^{(hp)} \hat{\eta}_{12} + z_{i} y_{i0}^{(ue-short)} \hat{\eta}_{13} \right) \left( 1 - \lambda_{1} \right)$$

With $\text{ue-rate} \in \{0.005, 0.010, 0.015, \ldots, 0.115\}$ and

$$\text{APE}^{(ue)} = \frac{\sum_{i=1}^{N} \text{Partial effect}_{i}^{(ue)}}{N}.$$  

(2) Average partial effect of becoming higher-paid employed for someone short-term unemployed (compared to someone low-paid employed)

$$\text{Partial effect}_{i}^{(hp)} = \Phi \left( \hat{\beta}_{23} + \text{ue-rate} \times \delta_{23} + \tilde{x}^{(hp)}_{i} \hat{\beta}_{2} + y_{i0}^{(hp)} \hat{\delta}_{21} + y_{i0}^{(hp)} \hat{\delta}_{22} + y_{i0}^{(ue-short)} \hat{\delta}_{23} + \tilde{x}_{i} \hat{\beta}_{5} + z_{i} y_{i0}^{(hp)} \hat{\eta}_{21} + z_{i} y_{i0}^{(hp)} \hat{\eta}_{22} + z_{i} y_{i0}^{(ue-short)} \hat{\eta}_{23} \right) \left( 1 - \lambda_{2} \right)$$

$$\times \Phi \left( \hat{\beta}_{13} + \text{ue-rate} \times \delta_{13} + \tilde{x}^{(hp)}_{i} \hat{\beta}_{1} + y_{i0}^{(hp)} \hat{\delta}_{11} + y_{i0}^{(hp)} \hat{\delta}_{12} + y_{i0}^{(ue-short)} \hat{\delta}_{13} + \tilde{x}_{i} \hat{\beta}_{4} + z_{i} y_{i0}^{(hp)} \hat{\eta}_{11} + z_{i} y_{i0}^{(hp)} \hat{\eta}_{12} + z_{i} y_{i0}^{(ue-short)} \hat{\eta}_{13} \right) \left( 1 - \lambda_{1} \right)$$

With $\text{ue-rate} \in \{0.005, 0.010, 0.015, \ldots, 0.115\}$ and

$$\text{APE}^{(hp)} = \frac{\sum_{i=1}^{N} \text{Partial effect}_{i}^{(hp)}}{N}.$$  

As the composite error term is not standard-normal distributed ($\sigma_{ij}^{2} \neq 1$ with $j \in \{1,2\}$) we follow the suggestion of Arulampalam (1999) to correct the coefficients.