Working Papers on Economics - Spatial Spillover Effects in the Labor Market in a Middle-Income Country

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Publication Date: Friday, 4 of October 2024 **Abstract**
Most macroeconomic labor literature on estimating matching functions does not consider spatial spillover effects. However, job search and vacancy-filling processes often involve neighboring locations, as local workers can search for and fill vacancies in nearby labor markets. We estimate a spatial spillover model using annual data for a middle-income country in Latin America. Our findings show that unemployment has a positive spatial spillover effect because an increase in the labor supply raises the probability of filling a vacancy. In contrast, vacancies have a negative spillover effect because local and neighboring vacancies compete to be filled by workers in both markets.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/working-papers-economics/spatial-spillover-effects-labor-market-middle