

Spatial Labour Market Matching*

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November 2016

Abstract

We analyse the extent to which spatial interactions affect the labour market matching process. We apply spatial econometrics methods, including spatial panel Durbin models, which are rarely used in labour market matching analysis. We use the data on stocks and inflows of unemployed individuals and vacancies registered at public employment offices in Poland. We conduct the analysis at the NUTS-3 and NUTS-4 levels in Poland for the period 2003-2014. We find that (1) spatial interactions affect the matching processes in the labour market; (2) workers commute long distances, and many of these commutes involve crossing only one administrative border; (3) spatial indirect, direct, and total spillover effects determine the scale of outflows from unemployment in the focal and adjacent areas; and (4) spatial modelling is a more appropriate approach than classical modelling for the matching function.

Keywords: spatial interaction, spillover effect, matching function, region

JEL codes: C23, J61, J64

* The article was prepared within a project financed by CERGE-EI in the 15th Global Development Network Regional Research Competition (RRC-15). We wish to thank the Ministry of Labour and Social Policy of Poland for sharing their database.

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