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**Beveridge Curve, Job Matching and Labour Market Dynamics: a
Multi-Level Empirical Analysis**

Abstract

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The aim of this thesis is to contribute to the debate on the Beveridge Curve: more specifically, after providing a theoretical introduction to the Curve in Chapter I, we focus on some empirical points, concerning globalisation and technological progress, which the international empirical literature has not dealt with closely (Chapter II), and on a level analysis which no previous study has dealt with in the Italian literature (Chapter III).

Chapter I centres on the matching approach founding the studies on the Beveridge Curve since the late 1970's, it also mentions the recent production frontier approach and gives a look to the possible consequences of the Great Recession on the matching process and the Curve.

The aim of Chapter II is to test the existence of a Beveridge Curve analysing the economies of nineteen OECD countries from 1980 to 2004, and to investigate whether and how technological progress and globalisation affect the unemployment-vacancies trade-off. Indeed, in the literature concerning the Beveridge Curve, only a few contributions (Pissarides, 1990; Aghion and Howitt, 1994) have examined the role of technological progress as a significant shift factor for labour market performance. However, there is no unanimity about the sign of its impact. Furthermore, few economists would deny that globalisation, that is the growing international



interdependence in communications, trade, finance, labour markets (migration), social systems, is one of fundamental socio-economic phenomena of this turn of century. Consequently, globalisation is another factor which is expected to impact on the Beveridge Curve, but no full-fledged estimation has, to the best of our knowledge, ever been carried out of this nexus. We can sum up the main results as follows:

a) we find largely favourable evidence for the existence of a OECD Beveridge Curve; b) lagged values of technological progress impact positively on unemployment and shift the Beveridge Curve outwards, producing evidence in support of the creative destruction effect; c) lagged values of the globalisation index have a positive impact on unemployment, also shifting the Beveridge Curve outwards; d) a critical econometric issue, extremely neglected by the previous literature, is represented by endogeneity, as shown by tests and other kind of evidence.

Finally, Chapter III focuses on the Italian labour market. There are not many studies that have analyzed the Beveridge Curve in Italy, likely because of the lack of official data on vacancies. Moreover, no previous study has focused specifically on a regional level analysis of the Beveridge Curve. Chapter III aims at filling this gap of the literature using quarterly data for the 1992-2009 period. In particular, the ISAE labour scarcity indicator, which is available for all the regions, is used to build



regional vacancy rates. Like in Destefanis and Fonseca (2007), we also investigate the impact on matching efficiency of the recent strong development in the number of so-called atypical jobs (both part-time and temporary). Differently from these authors, as well from most of the previous literature, we allow for the role of some direct mismatch indicators. Furthermore, drawing inspiration from some studies about other countries, we investigate the existence of a significant spatial interdependence between Italian regional labour markets, trying to verify whether externalities by non-resident unemployed workers and from job openings in neighbouring regions impact on the labour market performance of each region. We find the following main results: a) there is no evidence that either gender or sectoral mismatch bring about shifts in the territorial Curves; b) on the other hand, spillover effects are very strong, although further research on their proper specification must be yet carried out; c) the Great Recession has a very strong (negative) impact upon the territorial Curves.

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