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

Download Keep in mind
The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHORS AND/OR EDITORS Morales-Zurita, Leonardo Fabio Quiñones, Mauricio Dávalos, Eleonora Gaviria, Luis Felipe
The series Working Papers on Economics contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc). The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

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://www.banrep.gov.co/en/publications-research/working-papers-economics/spatial-spillover-effects-labor-market-middle