Job-to-job flows and wage cyclicality in France and Italy *

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Abstract

Recent literature about the U.S. shows that a sizable fraction of wage dynamics is due to employees’ transitions from one job to another. In this paper we try to address whether this explanation is valid also for other countries, namely France and Italy. Using comparable administrative data we find that in both France and Italy realized job-to-job transitions are pro-cyclical and positively contribute to explain wage growth. We also find that outside opportunities affect the wage growth of workers who remain in the same job. Differently from the U.S., however, unemployment still explains a sizable part of wage dynamics. Wage gains from moving are larger for workers in high-skilled occupations and for workers who move from a small to a large firm. We then conclude that the relevance of job-to-job flows for wage dynamics depends also by the structural characteristics of each economy.

Keywords: wage cyclicality, job-to-job flows, regional unemployment
JEL Classification: E24, E32, J63

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