

Arbeitsmarktpolitik bei endogenen Matching-Funktionen

Michael Neugert

The matching function has become a popular tool in labor economics. It relates job creation - a flow variable - to two stock variables: vacancies and job searchers. In most studies the matching function is exogenous and assumed to fulfill certain properties. This study looks at the properties of an endogenous matching function. For that purpose we program an agent-based-computational labor market model with endogenous job creation and endogenous job search behavior. Our simulations suggest that job creation is increasing in the number of job searchers and vacancies. The endogenous matching technology is subject to decreasing returns to scale. The Beveridge curve reveals substitutability of job searchers and vacancies for a small range of inputs but is flat for relatively high numbers of job searchers and vertical for relatively high numbers of vacancies. It occurs that the matching technology changes with labor market policies. This raises concerns about the validity of labor market policy evaluations conducted with flow models of the labor market employing exogenous matching functions.