

> Thursday, September 23<sup>rd</sup>, 2021

12:00 - 13:30

IFLAME RESEARCH SEMINAR

**RESEARCH  
SEMINAR**



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY



**ABSTRACT**

## **WORKER SPECIALIZATION AND THE AGGREGATE ECONOMY**

By Kerstin HOLZHEU (Sciences Po)

How does the quality of job matches affect the aggregate economy? In this paper, we study how specialization, i.e. the growing adaptation of workers to their job, can amplify business cycles. On the one hand, specialization can increase output and job stability when aggregate productivity is high. On the other hand, worker specialization can decrease the odds of job finding after displacement when aggregate productivity is low. To quantify these effects, we solve and estimate a random search model with multidimensional skills and aggregate shocks using neural networks. We estimate the model on French data by leveraging information on mobility and productivity of displaced workers for identification.



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