GREQAM

Groupement de Recherche en Economie
Quantitative d'Aix-Marseille - UMR-CNRS 6579
Ecole des Hautes Etudes en Sciences Sociales
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JOB SEARCH WITH UBIQUITY AND THE WAGE DISTRIBUTION

Bruno DECREUSE
André ZYLBERBERG

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Job search with ubiquity and the wage distribution[1]

Bruno Decreuse[2]
GREQAM, and Université de la Méditerranée

André Zylberberg[3]
CNRS-CES (EUREQua), and Université Paris I Panthéon-Sorbonne

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[2]GREQAM, 2 rue de la charité, 13236 Marseille cedex 02, France. E-mail: decreuse@univmed.fr

[3]CES-EUREQua, Maison des Sciences Economiques, 106-112 boulevard de l'Hôpital, 75647 Paris cedex 13, France. E-mail: azyl@univ-paris1.fr

Abstract: We propose a search equilibrium model in which homogenous firms post wages along with a vacancy to attract job-seekers, while homogenous unemployed workers invest in costly search. The key innovation relates to the organisation of the search market and the search behaviour of the job-seekers. The search market is segmented by wage level, and unlike the rest of the literature individuals are ubiquitous in the sense they can choose the amount of search effort spent on *each* (sub-)market. We show that there exists a non-degenerate equilibrium wage distribution. Remarkably, the density of this wage distribution is hump-shaped, and it can be right-skewed. Our results are illustrated by an example originating a Beta wage distribution.

Keywords: Search effort; Segmented markets; Monopsony; Wage dispersion

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