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EXPORTING, DEMAND FOR SKILLS AND SKILL MISMATCH: EVIDENCE FROM EMPLOYERS' HIRING PRACTICES

ABSTRACT

We exploit information from a classification of occupations to identify separately formal qualification requirements linked to a job and formal qualifications of a worker who filled the job for the universe of firms in Slovenia. We find that exporters were more likely to hire over-qualified workers than they did prior to becoming exporters even though they did not change the qualification requirements of their vacancies. Firms were more likely to demand other skills (leadership, knowledge of foreign languages) once they began to export. These findings suggest that skill upgrading by exporters reflects differences in terms of skill demand as well as the way workers match to jobs. This distinction is blurred in existing studies on skill upgrading by exporters because these studies rely solely on the information about the qualifications of hired workers. Our findings are consistent with a framework in which firms become more productive and offer higher wages once they start to export, workers' qualifications and firms' productivity are complementary inputs, and search is costly.

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