

# **LABOUR ECONOMICS 1**

## **The Spatial Dimension of Internal Labour Markets**

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### **Abstract**

Using Quadros de Pessoal (QP), a matched employer-employee survey, this paper explores workers' mobility within and across regions and within and across employers. The novelty in our work comes from considering the spatial dimension of internal labour markets combining the spatial and the firm dimensions of mobility. We emphasize the relevance of space for intra-firm mobility in multi-plant firms that have establishments in different locations. Our results seem to suggest that mobility across establishments within the same employer is a channel to improve wage growth opportunities. This is consistent with our hypothesis that in multi-plant firms there exists a global internal labour market based and organized on the firm as a whole. Besides analyzing the determinants and the returns to different types of mobility we also suggest a new strategy to isolate the returns to migration by looking at the wage premiums of workers that migrated without changing employer.

Moreover, the longitudinal dimension of our survey also allow us to distinguish between immediate and lagged gains to mobility. We conclude that there exists a larger wage premium when employees have to incur in additional costs such as those involved in migration. However, we also find that individual and firm specific characteristics are extremely relevant for this decision and taking into account individual and firm unobserved heterogeneity considerably decreases the value of the premium. We also find that, to encourage migration to non-urban regions, workers demand a higher premium.