

Occupation portability and regional allocative flexibility: evidence from Brazil

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Abstract

The study assesses the allocative flexibility in the labor market of Brazilian regions based on the mix of turbulence and mismatch. We study the periods 2010-2016 (domestic crisis) and 2016-2021 (recovery and COVID-19) to illustrate the region's ability to adjust to shocks. We define occupation portability as the probability that a particular occupation is demanded by different sectors and check how the adjustment to shocks varies across different portability levels. We observe a higher sensitivity to the economic crisis of 2015-2016 (turbulence) and a greater inability to adjust to the pandemic (mismatch). Poor regions showed higher flexibility indices, which can be explained by the lower density of firms in the same sector, a smaller number of complex occupations, a higher number of sectors capable of absorbing less specialized labor, and a higher concentration of portable occupations.