Research Statement

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My research lies primarily in labour economics, with a focus on the microeconomic foundations of bargaining, matching, and employment. I combine economic theory and causal inference methods to understand how workers and firms respond to market conditions, competition, and policies. A second strand of my research focuses on industrial policy and firm behaviour, with a growing interest in its implications for labour market outcomes.

Matching, Bargaining, and Employment

My **job market paper**, *Worker Bargaining Power and Market Tightness: Theory and Evidence*, develops a theory of wage bargaining in which workers' bargaining power is determined in equilibrium rather than imposed as an exogenous parameter. Workers and firms negotiate through alternating offers while continuing to search for alternative partners. When a new opportunity arises, they choose whether to continue the current negotiation or pursue the new partner. These choices make the risk of negotiation breakdown endogenous and determine whether and how outside opportunities affect ongoing bargaining. The model shows that workers' bargaining power increases with labour market tightness. I also extend the model to heterogeneous firms, examining how the productivity of the current firm affects which outside opportunities workers are willing to pursue.

The model provides an empirical counterpart to bargaining power: productivity-to-wage pass-through. It predicts that this pass-through increases with labour market tightness. Using French matched employer–employee data and an instrumental variable strategy, I find that pass-through is higher in tighter local labour markets, supporting the model's main prediction.

Ongoing and future work. While my job market paper examines wage bargaining, *When Meeting is not Matching: Estimating A Meeting Function*, joint work with Russell Cooper and Carla Revilla, takes into consideration whether a meeting between a worker and a firm results in an employment relationship in the first place. Conventional estimates of aggregate matching functions typically equate matches with meetings. However, observed matches also reflect the decision to form a match. We develop a model of endogenous match formation in which the equilibrium productivity threshold responds to market tightness and meeting efficiency. We show how omitting this selection margin biases estimates of matching efficiency and elasticities. Building on initial simulations, we aim to quantify this bias and study how policies affecting match surplus influence it.

My framework for endogenous bargaining power also opens up several directions for future research. One concerns *endogenous union formation*. Understanding how workers bargain individually provides a starting point for explaining why some sectors and occupations are more heavily unionised than others. Labour market tightness may have opposing effects: stronger individual outside options can reduce the gains from collective bargaining, but may also lower the risk of unemployment associated with unionisation, making it more attractive. I want to develop a model in which workers choose whether to organise, taking into account the gains from collective bargaining and the risks associated with it. Whether stronger individual bargaining power encourages or discourages union formation remains an open question.

Another direction concerns the decline in worker bargaining power observed across many Western economies, whose underlying causes remain debated. Proposed explanations range from automation and offshoring to changes in firing costs and increasing concentration in labour markets. While my current model determines bargaining power for a given level of tightness, introducing endogenous vacancy creation would allow me to study how these forces affect equilibrium tightness, workers' outside opportunities and, ultimately, their bargaining power. I aim to assess their relative contributions to declining bargaining power and its variation across countries, sectors, and over time.

Effectiveness of Industrial Policy

My second research agenda examines how firms respond to industrial policies aimed at stimulating investment and productivity, and how these interventions affect labour demand.

In *Effects of State Aid on Firm Performance: Evidence from 22 EU Countries*, joint work with Andrea Brasili, Annamaria Tueske, and Jochen Schanz, we investigate the effects of large state aid awards on firm investment, employment, and productivity. Combining publicly disclosed awards with firm data from Orbis, we employ a generalised difference-in-differences approach across 22 EU Member States. We find that state aid increases capital investment, particularly among smaller firms and recipients of regional development aid, but does not generate detectable improvements in employment or productivity in the short run.

Ongoing and future work. This paper has motivated further research with the same coauthors. In one project, we investigate whether R&D aid stimulates innovation, measured through patenting activity. In another, we examine how the effects of state aid extend beyond direct recipients through relationships between firms, using firm-to-firm data to study spillovers along production networks. In separate work with Daniela Arlia, I investigate the labour market effects of state aid in Italy and Spain, examining how subsidies affect vacancy postings, demand for different skills, wages, and employment.

More broadly, I aim to develop stronger connections between my research on labour markets and industrial policy. Understanding how firms respond to public interventions is important not only for assessing investment and productivity effects, but also for determining how these interventions shape employment opportunities and workers' outcomes.