

Abstract

Standard search theory suggests that (1) job search intensity increases with the relative gain from searching, and that (2) job search intensity increases the job finding probability. Firstly, this paper presents new empirical findings that challenge these predictions when workers are categorised by their unemployment insurance (UI) history. Both current and former UI recipients search harder than those that never take up UI. Furthermore, they find jobs at a slower rate despite their higher search intensity. To account for these findings, I introduce interview/job censoring and inefficient job search to an otherwise standard equilibrium search and matching model with endogenous search intensity. These new features dampen the labour market fluctuations and moderate the effects of UI extensions. They also improve the model's ability to match the persistence of unemployment.