The wage elasticity of recruitment

Boris Hirsch*, Elke J. Jahn†, Alan Manning‡, and Michael Oberfichtner§

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Abstract: One of the factors likely to affect the market power of employers is the sensitivity to the flow of recruits to the offered wage but there is very little research on this. This paper presents a methodology for estimating the wage elasticity of recruitment and applies it to German data. Our estimates of the wage elasticity of recruitment are in the range 1.1–1.4. We find lower elasticities for recruits hired from non-employment as well as for women, non-German nationals, non-prime-age workers, less skilled workers, and workers with less complex jobs.

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* Boris Hirsch, Leuphana University of Lüneburg, IWH, and IZA, Universitätsallee 1, 21335 Lüneburg, Germany, email: hirsch@leuphana.de
† Elke J. Jahn, Institute for Employment Research, University of Bayreuth, and IZA, Regensburger Str. 104, 90478 Nuremberg, Germany, email: elke.jahn@iab.de
‡ Alan Manning, London School of Economics and Centre for Economic Performance, Houghton Street, London WC2A 2AE, United Kingdom, a.manning@lse.ac.uk
§ Michael Oberfichtner, Institute for Employment Research, Regensburger Str. 104, 90478 Nuremberg, Germany, email: michael.oberfichtner@iab.de