

The wage elasticity of recruitment

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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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