

Estimating the recruitment elasticity is the key to the assessment of the employer's market power in the labor market. The literature has used the application elasticity, which tends to be lower than the offer acceptance elasticity, because the higher posted wage makes the vacancy more competitive and less attractive at the application stage. We overcome this problem by using data from a job matching intermediary in Japan that tracks the entire job matching process. We find that the wage elasticity is lower in the early stage of the job matching process. The application elasticity is lower for more competitive vacancies and less competitive workers. The estimated offer acceptance elasticity, which is free from competition with other workers, is still low, around 0.168-0.189. The implied recruitment elasticity is no greater than this because the elasticity of earlier stages in the job matching process are nonpositive, indicating a substantial market power of employers.