

The Measure of Search Frictions Using the Japanese

Micro-Data

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Abstract: Using the two valuable administrative micro-data that track the job search process of job seekers who quitted their job in August, 2005 and also registered in the local public employment service office located all over Japan, this paper estimates the matching function to measure the extent of search frictions in the Japanese labor market and presents determinants of the search duration to illuminate the effect of unemployment benefits on a job seeker's behavior. Our finding is that the matching function does not exhibit constant returns to scale but rather decreasing returns to scale with respect to the measures of job seekers and vacancies, implying the need to improve matching effectiveness. We also find that more generous unemployment benefits extend the search duration for job seekers who quit their job voluntarily but shorten it for those who quit their job involuntarily.

JIL Classification: J64, J65

Key Words: Job Search, Matching Model, Unemployment, and Unemployment Benefits

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