Size-specific Effects in Job Reallocation and Worker Mobility:
Japan’s Experience from the 1990s

Yuko Ueno
Hitotsubashi University
Institute of Economic Research

Abstract

This study finds a strong and positive correlation between the net job-creation rates of large employers and labor market tightness (i.e., ratio of job offers to job-seekers) in business cycle frequencies in Japan from the 1990s. This correlation is much stronger than that seen among smaller employers, and is mainly due to pro-cyclicality in job creation at large firms. Furthermore, large firms offer relatively higher wages to job-changers at the point of job transition in a tight labor market than do small firms. However, such pro-cyclicality in wage offers are less evident at large firms conditioned with the change in the level of new vacancies. One of the background factors for the weak pro-cyclicality of wage offers by large firms could be that they offer a superior internal market.