

Spatial Interdependence of Job Matching in the Japanese Local Labor Markets

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Abstract

This paper investigates the spatial interdependence of job matching in the Japanese local labor markets, using the public employment service data. Specifically, we use spatial econometric models for Japanese matching functions to measure the spatial interactions across regions. Our results show that both job seekers and firms in neighboring markets affect the outcome of matching not only in neighboring markets but also in local markets. Increasing the number of job seekers in neighboring markets makes matching more competitive for their counterparts in local markets. This is because, in order to find a job, some job seekers may move into neighboring markets. The same is the case for firms.

JEL classification: J61; J64

Keywords: Matching function; Spatial interdependence; Spatial spillover effect; Local labor market; Japan

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