

Impact of agglomeration on job search: Evidence from Japanese microdata

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Abstract

This paper examines how agglomeration affects an individual's decision of whether to search for a job, using Japanese microdata. We find that agglomeration raises the probability of searching for a job for non-working low-skilled individuals and female. This result suggests that they generally have high search cost. Thus, they tend to benefit from agglomeration through a decrease in the cost of searching for a job in local labor markets.

Keywords: Search cost; Local labor market; Heterogenous individual

JEL classification: J64; R23; R32

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