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DISTRIBUTION OF VACANCIES AND NEW HIRES ACROSS EMPLOYERS: IMPLICATIONS FOR JOB OFFERS, SKILL REQUIREMENTS, AND EMPLOYERS' SEARCH OUTCOMES

ABSTRACT

We use data on the flow of new vacancies and hires in Slovenia to document three findings. First, labour markets are highly concentrated when we use the Herfindahl-Hirschman index (HHI) to measure the distribution of either vacancies or hires across employers in markets defined by required occupation, the statistical region of employers' headquarters, and the year of either vacancy registration or hiring. Second, employers offer less attractive job offers (in terms of offered wages and offered length of employment) and change the set of required skills (by favoring leadership, manual dexterity, and fitness) in markets with a more concentrated labour demand. Third, employers are equally likely to fill their vacancies, require a similar amount of time to fill them, and are less likely to fill vacancies with workers whose education is below the required education in markets with a more concentrated labour demand. These patterns are consistent with a labour market in which a more concentrated labour demand restricts job searchers' job options, strengthens employers' bargaining leverage, and results in job vacancies with less attractive job amenities yet an expanded list of required skills.