

The Minimum Wage and Shifts in Hiring Channels*

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Abstract

This study explores whether minimum wage increases lead employers to shift their hiring channels to attract more productive employees. Leveraging a unique dataset and a quasi-exogenous policy event in Japan, we found that employers shifted to more costly search channels for better qualified candidates, thereby upgrading the educational level of new hires in response to minimum wage increase. We extend a standard model to include multiple hiring channels, revealing that employers offset a reduced hiring probability within an original hiring channel by shifting to higher-quality channels. Consistent with our model, we found that the minimum wage increase reduced employers' job vacancies.

Keywords: Minimum wage, job flow, job vacancy, recruitment channel.

JEL Classification: J23, J24, R23, O33, R11.

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