

ON-THE-JOB SEARCH AND THE BUSINESS CYCLE

AUTHORS

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EXECUTIVE SUMMARY

This paper adds to the scant literature that empirically studies the cyclicity of on-the-job search by using data from the Dutch National Bank Household Survey, a large longitudinal household panel, as well as from the OECD and Eurostat for the years 1993 to 2018. Overall, aggregate on-the-job search intensity is counter-cyclical, despite most models predicting pro-cyclical behaviour, while the likelihood that employed workers search on the job is largely a-cyclical. Workers with short tenure are more likely to search on-the-job and search more intensely in downturns. Furthermore, survey evidence on workers' self-reported reasons for searching shows that in downturns, workers are more likely to search because they fear losing their jobs.



KEYWORDS

- Employment
- Wages
- Job search
- Business cycle
- Economic downturn

RESEARCH RELEVANCE

- Job search intensifies during recessions, despite there being fewer attractive jobs available.
- As the economy weakens, workers increasingly search to avoid unemployment rather than to improve their careers.
- This challenges conventional theories of how workers behave over the business cycle.

BIBLIOGRAPHIC INFORMATION

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“Job search isn't only about climbing the career ladder. It is often about making sure you don't fall off it”

