

Very preliminary

Comments welcome

## ON-THE-JOB SEARCH WITH INFORMATION OBSOLESCENCE\*

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### Abstract

In the model of on-the-job search proposed here, fixed wage contracts are offered to job applicants. The contract offered evolves according to a Markov chain; by sampling the process job applicants both learn the current state of demand and purchase the right to lock themselves into the current contract. Therefore, upon sampling the process the agent decides (1) whether to change jobs and (2) when to sample the process again, if ever. The model nests the original Burdett (1978) formulation of the on-the-job search problem and is a private-information analog to the Lippman and McCall (1976) and Lippman and Mamer (1989) models of employment search in nonstationary environments when the state of demand is public information.

*JEL Classification:* D83, E24, J63

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