The Journal of Finance / Volume 69, Issue 3 / pp. 1321-1346

ARTICLE

Labor Mobility: Implications for Asset Pricing

ANDRÉS DONANGELO

First published: 16 January 2014

https://doi.org/10.1111/jofi.12141

PDF

ABSTRACT

Labor mobility is the flexibility of workers to walk away from an industry in response to better opportunities. I develop a model in which labor flows make bad times worse for shareholders who are left with capital that is less productive. The model shows that firms face greater operating leverage by providing flexibility to mobile workers. I construct an empirical measure of labor mobility consistent with the model and document an economically significant cross-sectional relation between mobility, operating leverage, and stock returns. I find that firms in mobile industries earn returns over 5% higher than those in less mobile industries.

Supporting Information

Disclaimer: Supplementary materials have been peer-reviewed but not copyedited.

Filename	Description
jofi12141-sup-0001-AppendixS1.pdf 172.4 KB	**Appendix S1:** Internet Appendix.
jofi12141-sup-0001-AppendixS1.txt 67 KB	**Appendix S1:** Internet Appendix.

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