

要旨 : This study uses a unique division-level data of Japanese firms to examine how foreign direct investment (FDI) affects to domestic employment. In contrast to most previous studies focusing on the effect on net employment growth, we decompose it into gross job creation and gross job destruction. We find that FDI destination plays an important role: FDI to Asia increases job creation, while FDI to Europe or North America decreases it. The differential effects can be explained by a frictional search-and-matching model with heterogeneous jobs. The model gives additional predictions on job creation and destruction by job type, which are also empirically confirmed.