



Why don't jobseekers search more? Barriers and returns to search on a job- matching platform in Pakistan

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- Despite the growth of job search platforms in developing countries, application rates on the platforms remain quite low suggesting that there might be additional barriers to search.
- We implement experiments on a low-cost job search and matching platform, Job Talash, to understand the barriers that job seekers face in the search process and the returns to additional job search.
- A simple phone call initiation treatment increases application rates dramatically. We believe that psychological costs of initiating applications is the main driver of our results.
- The benefit (return) from these additional applications, measured as interview invitations, is roughly constant rather than decreasing. Additional applications also do not crowd out interviews for other jobseekers.
- Our results suggest that job search platforms can simplify the process of starting job applications or filter jobs for candidates. They should also consider the psychological costs of applying when designing programs intended to increase job search.

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Policy motivation for research

According to the 2018-19 Labour Force Survey (LFS), about 50% of the people who are available for work in Pakistan do not engage in any job search activity. Similar patterns hold in many economies; for example, this rate was 25% in South Africa in 2021 (Statistics South Africa, 2021). This naturally raises two questions. Are there simple, low-cost ways to help people to search more? And what outcomes would additional search produce?

Job search platforms, mostly online, have brought down the cost of job search dramatically. Platforms such as Rozee and LinkedIn have sought to simplify the search process and increase accessibility of vacancies to jobseekers. They have grown dramatically in developing countries and attracted a massive number of users. Since 2018, LinkedIn has added 47% more members from across the world with developing countries such as India - currently the world's second-largest contributor of users to the platform - witnessing an increase of more than 20% in membership from December 2021 to the latest fiscal quarter of 2023. In Pakistan in 2021, Rozee, LinkedIn, and Bayt had 9.5, 7.5, and 3 million users, respectively. Despite such a large volume of sign-ups and low cost of searching, application rates on these platforms remain quite low. Average applications submitted per user per month range from 0.02 to 1.25 across a range of platforms in developed and developing economies (Field et al. 2023) In Pakistan specifically, the country's largest platform receives, on average, 3.33 applications per active user per month (Matsuda et al. 2019). This suggests that there might be additional barriers to searching or that people might anticipate low returns to additional job search which discourages them from searching.

We design and implement experiments on a similar low-cost job search and matching platform, Job Talash, to understand the barriers that job seekers face in the search process and the returns to additional job search.

Overview of the research

We study this phenomenon using data from a novel job search platform called "Job Talash" in Pakistan. Users of the platform were recruited through a representative survey of over 50,000 households in Lahore, Pakistan. At the time of sign-up these jobseekers varied widely in their employment and job search status, ranging from employed and searching to non-employed and non-searching. Using the platform requires only basic literacy, a simple phone, and almost no airtime, generating very few technological and pecuniary barriers to

search. This sample breadth is unusual in experimental job search studies (Poverty Action Lab, 2022).

Through the platform, we prompt employers every month to list any new vacancies. We match jobseekers on the platform to these new vacancies based on their education, work experience, and occupational preferences. We notify all users about the new jobs they have been matched to via a monthly text message inviting them to apply. We send applications from interested jobseekers to the employers. This system generates rich data on both supply and demand sides of the labour market as we obtain data that inform us about the type of jobs that are attractive to jobseekers, application and interview decisions and how jobseekers update their CVs over time. All these data we collect on both jobseeker-and firm-level outcomes yields a very granular picture of labour market outcomes.

Using a randomised control trial (RCT), we study how a simple phone call initiation treatment influences job search for jobseekers enrolled on the platform. The treatment is a follow-up phone call after the text message that informs the users in the treatment group of the jobs they have been matched to and invites them to begin the application process without providing any additional information or encouragement. Meanwhile, control group users must call the platform or ask the platform to call them to initiate job applications. Thus, the treatment only changes **how jobseekers initiate applications on the platform, moving them from an active role to a passive role.**

More applications and more interviews

We find that the **phone call treatment dramatically increases the job application rate by 600%**. Figure 1 panel A, illustrates that the probability that treated respondents apply to a job is 1.5%, far higher than the control group's 0.02%.

Additionally, the benefit (return) from these additional applications, measured as interview invitations, is **roughly constant rather than decreasing**. Figure 1 panel B shows that the average treatment-induced application has a 5.9% probability of an interview invitation. This is very similar to the 6.3% mean interview probability for control group applications.

Roughly constant returns to job search raises a question: why do jobseekers not apply to more jobs in the absence of treatment, especially given the low cost of applying on the platform? While the treatment helps in initiating the job application process, we view psychological costs of initiating applications as the most likely explanation for our main results. Existing research suggests multiple types of psychological costs that might be reduced by phone call treatment. It

might reduce *attention costs* as jobseekers don't need to pay attention to text messages and set time aside to go over the content and decide whether to apply. Control group job seekers might not initiate applications due to *fear of rejection*, while the treatment allows jobseekers to apply 'in the moment'. The phone call might prevent job seekers from procrastinating and instead acts as a source of encouragement to apply earlier and miss fewer deadlines.

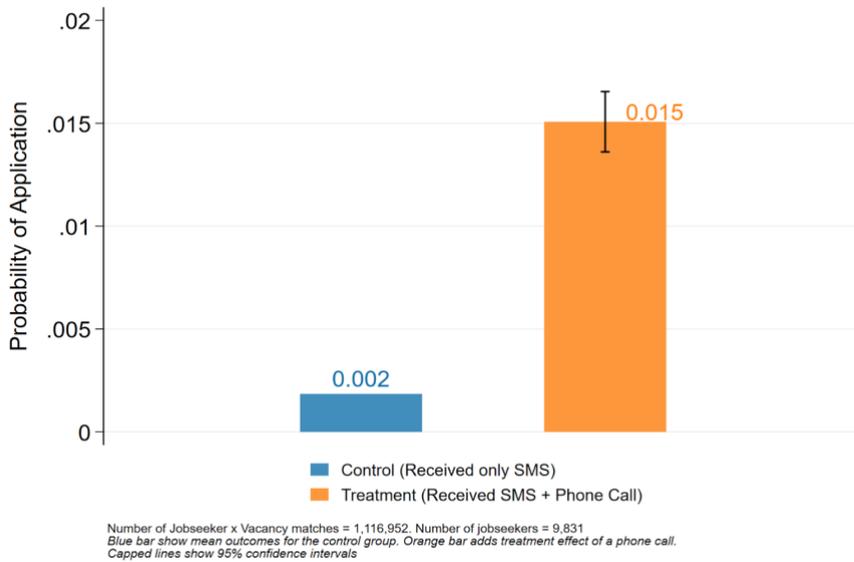
We can rule out many other possible explanations for these results. Monetary and time costs are unlikely to explain why untreated jobseekers don't send more applications. Job applications on Job Talash are already cheap and fast, and other treatments designed to reduce monetary and time costs don't increase applications much. The phone call initiation treatment also has limited effects on other ways of using the platform (e.g., improving CV quality) and limited effects on jobseekers' beliefs about the value of applying on the platform.

More applications don't hurt other jobseekers

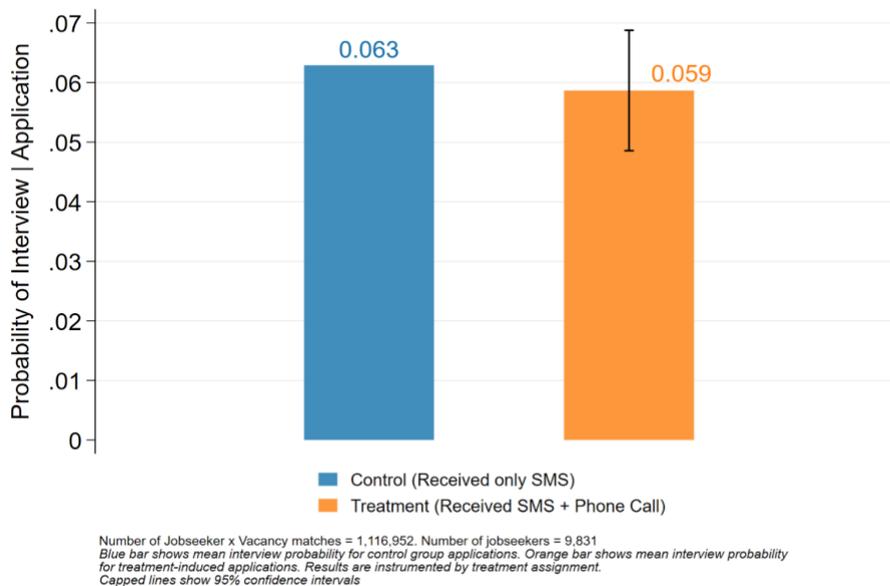
Increased job search may have spillover effects on firms and other jobseekers. For firms, the direction of this effect is ambiguous: the probability of receiving a well-matched applicant is higher so firms might interview more applicants, but it can increase congestion costs if firms need to review poorly matched applicants. For jobseekers, competing with additional applications from treated jobseekers might lead to fewer job interviews. We find that **additional search has no negative spillovers**. We suggest three possible explanations for this. Firstly, spillover effects might be zero if firms hire more when they receive more applications above their reservation hiring quality. Secondly, firms in this context report filling only 60% of vacancies, so more offers need not mechanically lead to crowd-out. This matches patterns on some other job search platforms (Fernando et al. 2023, Horton & Vasserman, 2021). Thirdly, application volumes on this platform are relatively low; firms report in surveys that they receive on average 30% of their total applications through the platform. Taking these factors together, it is possible that firms in this labour market receive too few suitable applications in the absence of treatment for crowd-out to be relevant, at least at the interview stages.

Figure 1: Effect of Phone Call Initiation Treatment on Job Applications and Interviews

Panel A: Treatment Effect on Applications



Panel B: Constant Returns to Application Across Treatment & Control



Policy implications

This study shows that reducing psychological costs of applying for jobseekers can improve their job search outcomes. It can lead to higher applications to opportunities with high potential returns for the jobseeker and increase interview invitations. This highlights the importance of considering the psychology of job search, especially when combined with existing work showing that simple plans and reminders can increase job search (Abel et al. 2019; Caria et al. 2023).

Our work has important implications for policy programs that aim to increase employment and improve job search. Most obviously, job search platforms can simplify the process of starting job applications or evaluating job listings on job search platforms, which can potentially yield a higher number of applications and interviews. This is important even on platforms with low monetary and time costs of applying, like Job Talash.

More generally, our results suggest other policies designed to increase job search should consider ways to reduce the psychological costs of initiating applications. For example, governments could automatically enrol laid off workers or unemployment insurance recipients on job search platforms, or require them to enrol. Job search or transport subsidy programmes could link payments more tightly to specific applications. And caseworkers who deliver job search assistance can target their assistance to the stage of initiating job applications.

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