

> Thursday, April 27th, 2023

15:30 – 17:00

IFLAME RESEARCH SEMINAR

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EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

## **‘JOBSEEKERS’ BELIEFS ABOUT COMPARATIVE ADVANTAGE AND (MIS)DIRECTED SEARCH’**

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### **ABSTRACT**

Worker sorting into tasks and occupations based on their skills plays a potentially important role in aggregate labor productivity. This sorting may be inefficient if jobseekers do not apply to jobs that match their skills. We test this idea by studying how jobseekers' beliefs about their skills affect their job search activities and labor market outcomes. We assess communication and numeracy skills for two samples of young South African jobseekers to identify their comparative advantage across these skills. Self-perceived and measured comparative advantage persistently differ for many of these jobseekers. In a framed field experiment, giving jobseekers their skill assessment results reduces differences between perceived and measured skills. This leads jobseekers to redirect their search toward jobs whose skill demand matches their comparative advantage in multiple search measures: an incentive-compatible job choice task where workers choose across jobs with different skill requirements, detailed usage data from an online job search platform, and self-reported search plans. In a larger field experiment with a longer follow-up period, treatment has similar effects on beliefs and directed search and substantially raises earnings and job quality, although not their employment rate. These patterns are consistent with models of endogenously directed job search, where jobseekers' beliefs about their skills influence where they direct job applications and hence the wages they are offered.