

How Do People Find Jobs?

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Introduction

- Unemployment rate is low at 4.3%, but one in four unemployed workers have been unemployed longer than six months.
- There is a lot we do not know about job search:
 - How effective is job search among the unemployed, relative to employed workers?
 - How do job offers received by the unemployed compare to those received through on-the-job (OTJ)search?
- How do informal job search methods (e.g. referrals) help people find jobs?

Job Search

- We fielded a special survey on job search (study by Şahin, Faberman, Mueller, Topa):
 - Supplement to NY Fed's *Survey of Consumer Expectations*
 - Supplement focuses on job search behavior and outcomes for all individuals, regardless of employment status.
- Questions cover:
 - Search process (search methods, employer contacts, etc.)
 - Nature, number, and characteristics of job offers
 - Among the employed, search process for current job

Data: *Survey of Consumer Expectations*

- Monthly, nationally representative survey of ~ 1,300 household heads
 - Core questions focus on expectations about the economy and about the household's own financial situation
 - We also ask questions about credit access, spending plans, job satisfaction, etc.
- Supplemental surveys fielded in October 2013-2015
 - Detailed data on current labor force status, work history
 - Focuses on job search activities and outcomes for all respondents
 - Main sample in analysis: heads of household, 18-64 years old, excluding the self-employed.

Findings

- **OTJ search is pervasive**

- Search effort among the employed non-trivial: one in four workers look for new or additional work
- Informal recruiting common part of OTJ search (unsolicited contacts, referrals)

- **Search more efficient OTJ than while unemployed**

- Relative to unemployed, employed spend less time searching, but have higher contact rate, job offer rate
- Large fraction of employed who are not looking also receive offers
- Conditional on offer, employed receive higher-quality offers
- Despite poorer offers, unemployed more likely to accept – usually only option

- **Implications**

- Unemployment can have long-lasting consequences
- Networking, referrals are important

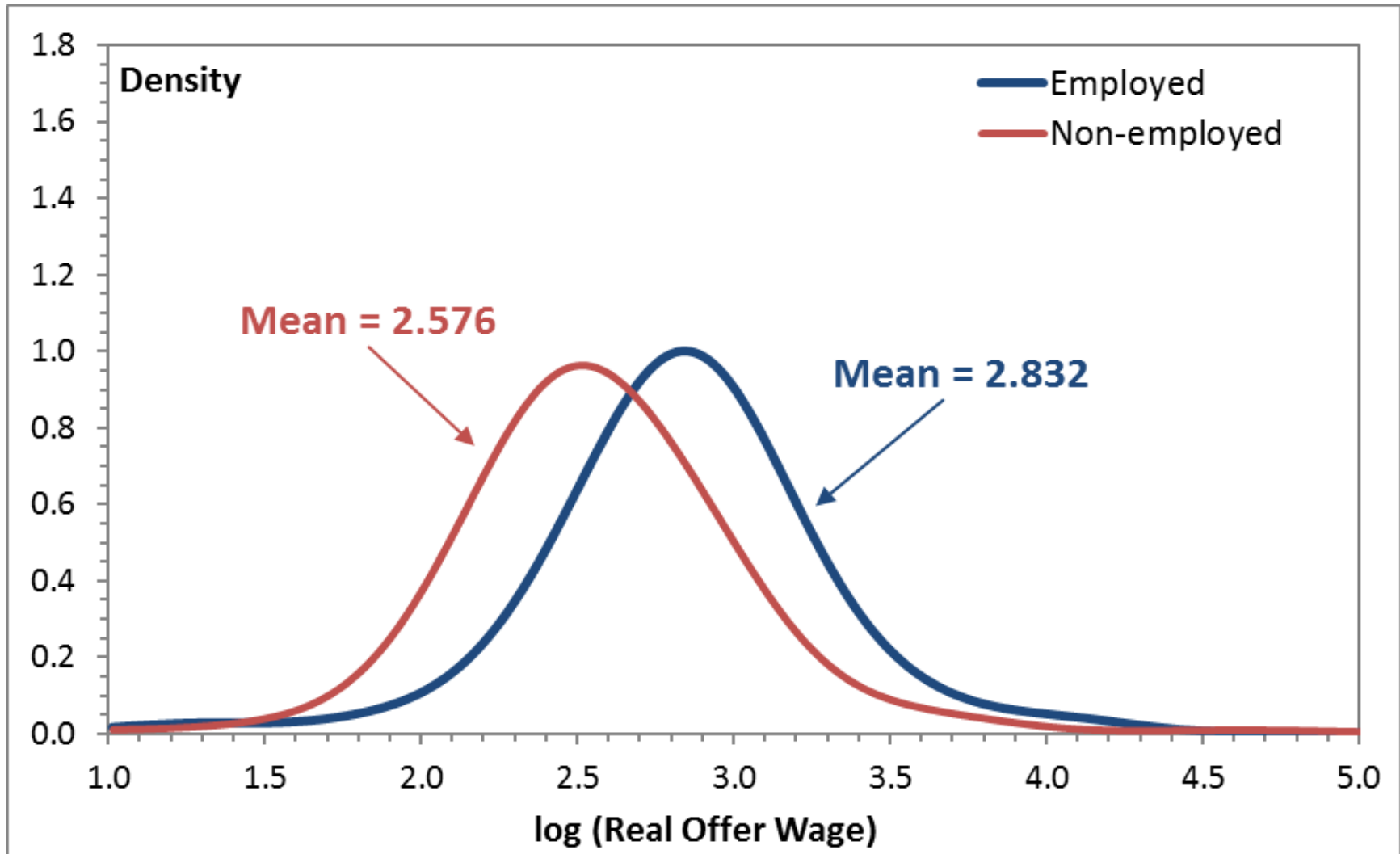
Findings: Search Activities

- One in five employed workers applied to at least one job posting in the 4 weeks prior to survey.
- The unemployed search twice as hard as OTJ job seekers, 7 times more than all employed workers:
 - Send out on average 8 applications in the last 4 weeks vs. 4 applications for OTJ seekers, 1 for all employed.
- OTJ search produces 3 times as many employer contacts, twice as many job offers than search while unemployed.

Findings: Job Offers

- Wage offers received while employed are on average 40% higher than while not employed.
- Even after “controlling for” characteristics of the worker and of the job, wage gap is still about 25%.
- What could explain this gap in offered wages?
 - Stigma (see other research)
 - Unemployment as a signal
 - Skills depreciation
 - Differential access to networks, informal contacts

Wage Offers

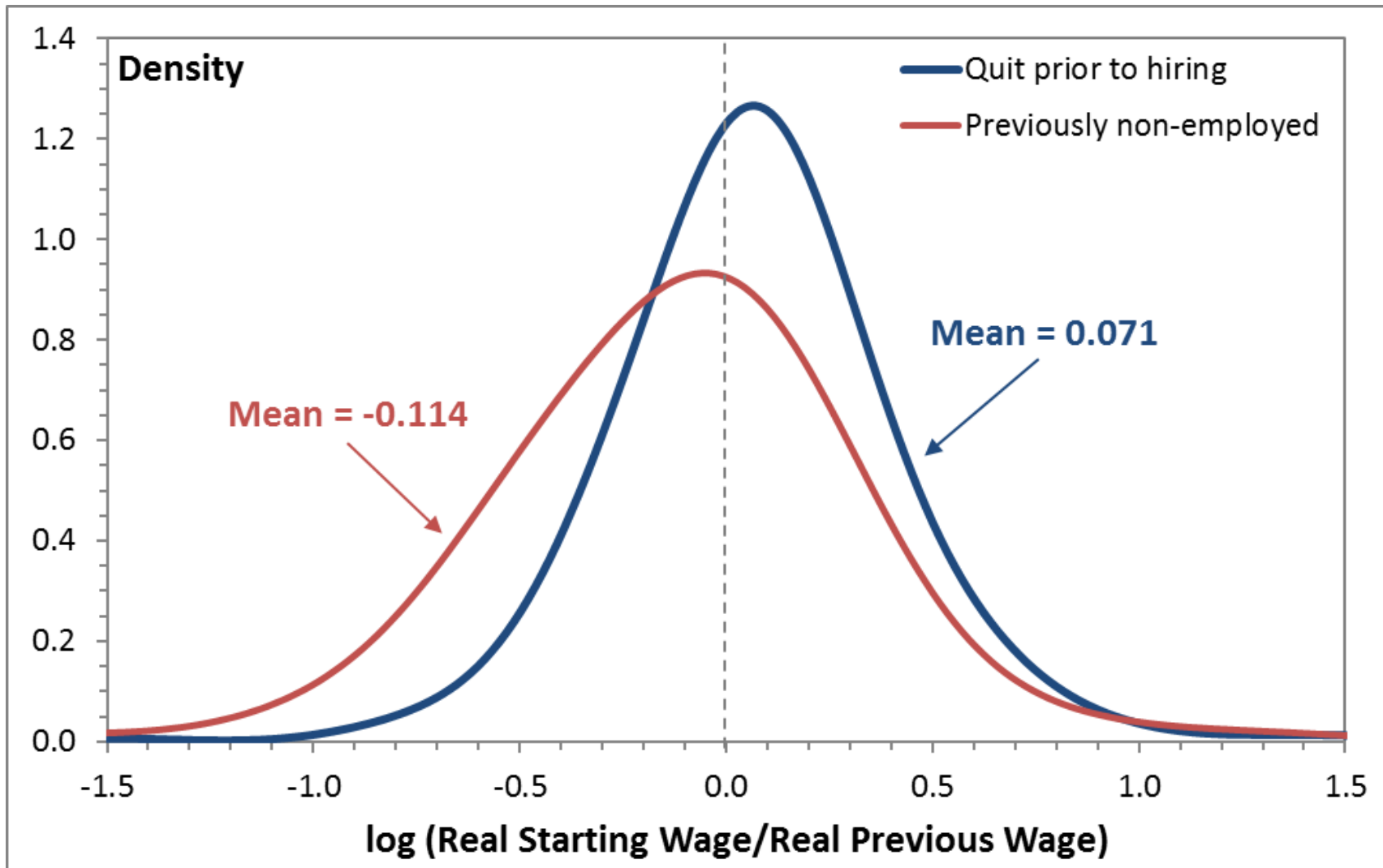


Note: Figure reports kernel density estimates of distributions. Wages control for observable worker and job offer characteristics and prior work history.

Job search for Current Job

- About 2/3 hired from another job, 1/3 hired from non-employment.
- Workers hired from another job do better than those coming from non-employment:
 - Wages are 28% higher
 - Twice as likely to have benefits (e.g. health insurance)
 - Longer tenure on the job
 - More satisfied with current job
 - Less likely to be searching again for a new job
- Non-employment seems to have lasting effects.

Starting Wage Relative to Previous Wage



Note: Figure reports kernel density estimates of distributions. Wages control for observable worker and job characteristics and prior work history.

Referrals

- Referrals account for about 40% of all offers in our data.
- More generally, between one and two thirds of all new jobs are found through referrals.
- Referrals and informal contacts very effective in generating job offers (study by Brown, Setren, Topa):
 - Internet job boards account for 60% of all applications, but only 24% of all offers;
 - Referrals by current employees and on-campus recruiting account for 8% of all applications, but 38% of all offers.
- Referred workers may receive initial wage advantage, less likely to separate from the employer.

Offer Outcomes by Method of Applying

	Applicant	Interview	Offer
Internet job board	60%	40%	24%
Firm website	15%	10%	10%
Own initiative	10%	8%	7%
Other	7%	14%	21%
Referred by current employee	6%	21%	27%
Campus recruitment	2%	7%	11%
<i>Total</i>	100%	100%	100%

THANK YOU!