Improving the Efficiency of Online Matching Among Youth

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Extended Abstract

Youth in developing countries often struggle to transition successfully from education to the labor market. This has resulted in high youth unemployment rates that are a major social and economic problem in many low- and middle-income countries. Do jobseekers' inaccurate expectations about their own job market competitiveness hinder their job search efforts and contribute to poor job matching?

We use the largest online job portal in the Middle East and North Africa region to evaluate the effect of an intervention delivering information about job seeker competitiveness to job applicants. Since online search is increasing in importance in developing countries, including in the Middle East and North Africa (MENA), improving the efficiency of online search has the potential for high impact.

We find that providing information about the relative fit of an applicant's background for a particular job causes applicants to apply for jobs that are better matches for their background. The information on relative fit is generated by the online job portal's internal search algorithm, and is predictive for employer interest on the platform. The effects of providing information are largest among entry-level workers with higher levels of education, who generally face the highest unemployment rates in the region. The results are consistent with the hypothesis that increased supply has outpaced demand for education in many job markets and led to overly optimistic expectations that hinder the transition from education to the labor market. Improving the efficiency of online job search may be particularly welfare-enhancing in the Middle East and North Africa region given that the young, highly-educated subpopulation that faces the greatest labor market hurdles also has the highest level of internet connectedness.