Follow-Up Phone Calls to Reduce the Costs of Job Search among Job Seekers in Pakistan

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Sector(s): Labor Markets

Ubicación: Pakistan

Muestra: 9,800 job seekers

Grupo objetivo: Job seekers Adults

Resultado de interés: Employment

Tipo de intervención: Digital and mobile Nudges and reminders Employment

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The challenges of matching job seekers with specific skill sets and employers who need those skills can hinder employment and productivity in labor markets. Researchers conducted a randomized evaluation to test the impact of reducing the psychological costs of job applications, such as the tendency to postpone applications because completing a task today seems more burdensome than tomorrow, on job application rates and interviews in Lahore, Pakistan. The intervention, which involved follow-up calls inviting job seekers to apply for jobs, increased the number of job applications and interviews. The benefits of applying to jobs were similar after the increase in applications, suggesting that psychological costs play an important role in job search behavior.

Problema de política pública

Job search is a critical aspect of labor markets, and search frictions or mismatches can have economic consequences. For example, the challenges of matching job seekers with specific skill sets and employers who need those skills can contribute to low productivity. In addition to the monetary and time costs of applying to jobs, psychological costs, such as present bias (a tendency to postpone applications because completing a task today seems more burdensome than tomorrow) can impact job search decisions. Can reducing the psychological costs of starting job applications increase job application rates and improve employment outcomes for job seekers?

Contexto de la evaluación

In Lahore, a city of about ten million people where this intervention takes place, the adult labor force participation was 49 percent and the employment rate was 47 percent in 2018, with higher rates for men than women. Among the study population, in 2016-17, an average job seeker had 7.9 years of experience with varying levels of education. Twenty percent of the participants were employed and searching for another job, 35 percent were searching but not employed, 14 percent were employed but not searching, and 31 percent were neither employed nor searching. On average, the study participants were slightly younger, more male, more educated, less likely to be employed, and more likely to be searching for a job compared to the adult labor force in Lahore.

Job search and matching platforms are becoming more prevalent in Pakistan's major cities, including Lahore, reaching approximately twenty million users in the country in 2021'[1]'. Rozee, Pakistan's largest online job search platform, had approximately 9.5 million users at that time. Job Talash is one such job search assistance platform that matches job seekers to available jobs based on their qualifications and preferences. The platform is free and designed to be accessible to job seekers with basic literacy skills and a simple phone, minimizing technological and monetary barriers to job search. Job Talash sent monthly text messages about relevant vacancies to job seekers, who had to call the platform to apply. Each job-seeker-vacancy pair where the applicant met the eligibility criteria and expressed interest is referred to as a 'match'. An average job seeker received 1.8 matches per month. The data from the platform comprised the characteristics of approximately 1.1 million matches between 2018 and 2022.



Woman applying for a job online through the Job Talash platform after receiving a call

Photo: Research Team

Detalles de la intervención

Researchers partnered with the Center for Economic Research in Pakistan (CERP) to conduct a randomized evaluation to test the impact of reducing the psychological costs of job applications using Job Talash on job application rates and interviews. The study included 9,800 job seekers who were randomly assigned to one of these two groups:

1. *Intervention Group (4,884):* Job seekers received the standard text messages listing relevant new vacancies and received two follow-up phone call attempts inviting them to apply for jobs, reducing the initiative required to start applications.
2. *Comparison Group (4,954):* Job seekers received the standard text messages listing relevant new vacancies and had to call the platform to initiate applications.

Therefore, the only difference between the groups is who initiated the call. The follow-up calls did not provide any direct encouragement or pressure to apply. They also did not provide any additional information on the vacancies or increase the financial or time cost of applying.

The researchers measured outcomes such as the number of job applications submitted, the number of interviews obtained, and the quality of the matches between job seekers and vacancies. Data was collected over four years starting with signing the participants up between October 2016 and September 2017, and the final survey was conducted 3.3 years after the intervention, on average. The data collection covered roughly 1.1 million matches between vacancies and job seekers.

Resultados y lecciones de la política pública

Job seekers increased their application rates after the follow-up calls inviting them to apply for a job were added, linked with a lower psychological cost of starting such applications. While one might expect these additional applications to be lower quality, the extra applications were just as likely to secure an interview as applications submitted by the comparison group. This suggests that job seekers were putting in low search beforehand. For all key results of the evaluation (higher job application rates and similar returns to these extra applications), researchers cannot reject that the results for female and male jobseekers may be similar.

Number of job applications. Follow-up phone calls about relevant job vacancies increased the number of job applications seven-fold. Job seekers in the intervention group applied for 1.32 percentage points more matches relative to the comparison group's application rate of 0.18 percent (a 733 percent increase). While the effect declined over time, it remained positive for at least four years after the job seekers registered for the Job Talash platform. These positive impacts were observed across job seekers with different ages, education, genders, and initial labor force participation, and the intervention increased the proportion of job seekers who ever applied for a vacancy on the platform from 21 to 44 percent.

Returns to job search. The additional applications submitted due to the intervention had a 5.9 percent probability of getting interviews, similar to the 6.3 percent probability in the comparison group. This suggested that the probability of getting interviews were similar after the increase in the number of applications. Researchers anticipated applicants would prioritize applying to jobs with the best combinations of desired attributes and probabilities of getting an interview, which would have meant lower benefits from the extra applications as such combinations became scant. However, the study posits that reducing the cost of applying to jobs (and hence applying for more jobs) has greater benefits when a job seeker is facing high psychological costs, and smaller benefits when they already had low psychological costs. Thus, the average benefit among those who applied to more vacancies after the intervention (i.e. high benefit) and those who would have applied anyway (i.e. low benefit) canceled out across individuals and periods.

Probability of getting interviews. Job matches in the intervention group had a 0.078 percentage point higher probability of generating job interviews, relative to the comparison group's 0.012 percent share of matches that generated interviews (a 650 percent increase). This is entirely explained by the higher rate of job applications in the intervention group.

Psychological costs of job applications. Two additional interventions showed that financial barriers and time costs of applying for vacancies were not the likely reasons for low applications. Researchers suggested that psychological costs such as efforts related to paying attention or focusing, fear of rejection, and short-term thinking were more important factors that influenced job search decisions. The authors rejected other possible explanations as the information presented in the text messages was the same as the phone call script, and did not provide any additional details about the job market or the job seekers' candidature and specific jobs.

Effects on other applicants. Increased job search efforts among job seekers in the intervention group did not have negative effects in the comparison group. The probability of a comparison group applicant receiving an interview remained unaffected by the higher number of applications in the intervention group, perhaps because the rate at which vacancies were being filled by applicants on the platform was already low.

These findings suggest that psychological costs can be an important barrier for job seekers leading to low job search efforts. These findings emphasize the potential of using caseworkers, automatic enrollment in search assistance programs, and job search subsidies, to increase job seekers' accountability and motivation. Job search platforms could also help by simplifying their processes and encouraging applicants to apply to allay some of these behavioral barriers to job search.

Use of Results:

The findings of the study have been incorporated into a larger review on job platforms in low-and middle-income countries (LMICs) by the SAR-GIL team at the World Bank. The review is being disseminated to approximately fifteen job platforms in LMICs as well as donors supporting the development of such platforms. Most recently, the Punjab Labor Department in Pakistan met with the research team to discuss insights from the broader review, including this study, and recommendations for the design of their new government supported job platform.

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1. In Pakistan in 2021, Rozee, LinkedIn, and Bayt had respectively 9.5, 7.5, and 3 million users (Vyborny et al. 2024)