Online Job Portals and Firm Hiring in India

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Sector(s): Firms, Labor Markets

Location: Bengaluru, India

Sample: 1,719 job vacancies by 1,576 firms

Target group: Firms

Outcome of interest: Employment

Intervention type: Information

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Partner organization(s): Quikr

Firms in low- and middle-income countries tend to hire mainly from referral networks, which may limit hiring. Online job portals can expand recruitment networks, but firms may be hesitant to hire unfamiliar candidates outside of their network. Researchers partnered with an online job portal in India to evaluate the impact of promotional advertising for job postings, candidate identity verification, or both services on hiring by firms. Only the combination of advertising and verification led to firms hiring more, suggesting that it is important to not only give firms access to a larger candidate pool but also provide them with the opportunity and tools to screen candidates.

Policy issue

Many firms in low- and middle-income countries have trouble finding suitable candidates to fill job posts. This is partly because companies are worried about employee misbehavior yet do not have easy tools or screening mechanisms to verify job candidates' information. As a result, these employers tend to hire only within limited referral networks, though these networks may limit the quantity and quality of applicants. This is an example of frictions in labor markets, meaning that they are problems in the process of how job seekers and employers are matched. It is widely thought that hiring frictions are common in many low and middle-income countries. In this context, digital or mobile job recruitment platforms could help firms find and hire qualified workers beyond their traditional recruitment networks. However, firms may be hesitant to hire candidates from outside their traditional referral networks.

Context of the evaluation

Online job portals that allow employers to post vacancies and recruit candidates at little to no cost have proliferated in India. In 2017, just two years before this study, previous research identified at least 22 such service providers. With job candidates free to

browse and apply to any number of vacancies, these digital platforms have the potential to allow small businesses to hire from a larger candidate pool with many qualified job seekers. Yet the usage rate of online portals was low: less than 2 percent of firms in urban India reported using the internet when hiring workers as of 2015.

In Bengaluru, a large city in India with over 12 million inhabitants, researchers partnered with QuikrJobs, an Indian online job portal provider, to conduct an evaluation. QuikrJobs specializes in entry-level retail and services sector jobs with relatively modest wages.

Researchers conducted surveys with over 900 firms posting vacancies on the portal. These firms were somewhat larger than the average firm in India and more likely to employ hired workers than the average firm in India. The firms' job postings were for full-time positions, offering an average minimum monthly salary of INR 12,847 (US$182.5) and requiring less than one year of experience. Over two-thirds of firms reported that challenges with recruiting employees were a key barrier to growth, and over half (53 percent) stated that trust was a major concern when it came to hiring. Trust-related issues covered concerns about the behavior of workers and difficulty finding employees with appropriate soft skills, including good behavior and communication skills.



A young employee wearing glasses uses computer in India

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Details of the intervention

Researchers partnered with QuikrJobs, an Indian online job portal provider, to evaluate the impact of services to attract and screen candidates through the platform on firms' hiring. To test the impact of two different services and the combination of both,

researchers randomly assigned 1,719 job postings from 1,576 firms on the platform to one of four groups. The four groups were:

1. The “Scale” intervention group received promotional advertisement service (367 vacancy postings): This service increased the visibility of job postings on the platform and sent promotional messages directly to candidates, which boosted the likelihood that jobseekers on the platform became aware of these vacancies.
2. The “Verification” intervention group received identification verification service (467 vacancies): To ease firm’s concerns about a candidate’s trustworthiness, this service informed firms on whether an applicant had completed a voluntary third-party verification of government ID documents and on the results of the verification.
3. The “Joint” intervention group received both promotional advertisement and identification verification services (470 vacancies): A third set of job vacancies received promotional advertising service and the verification service simultaneously.
4. A comparison group received neither service (415 vacancies): These vacancies received no additional services.

The research team surveyed the firms twice, once when the job occupancy was posted and then six months later, to measure how these interventions affected recruitment and hiring activities. Researchers also utilized administrative data from the portal, such as information on the job posting and firm’s engagement with applicant’s profiles, to gain a deeper understanding of the interventions’ impact across different types of firms and job seekers.

Results and policy lessons

Only the combination of both services increased firm hiring. The individual treatments did not change hiring.

Providing the promotional advertisement service on average doubled the number of job seekers applying to a vacancy. Applicants increased from an average of 25 applicants per vacancy in the comparison group to 51 and 55 applicants per vacancy in advertising alone and combination groups, respectively. While this did not change the average skill level among applicants, it increased access to more skilled applicants.

Firms receiving promotional advertising became more likely to initiate contact with applicants, and this was even greater when employers could access information on identity verification. Both the advertising group (average 4.2 candidates or 68 percent increase) and combination firms (average 6.2 candidates or 147 percent increase) contacted more job applicants relative to the comparison group (average 2.5 candidates). However, the combination treatment increased engagement by more than the advertising treatment alone. These firms were also 25 percent (13 percentage points) more likely to interview candidates than firms in the comparison groups. While large firms (more than ten employees) also increased engagement in the combination and advertising treatment groups, small firms (less than ten employees) increased engagement only for the combination group.

However, only the combination of both promotional advertising and identification verification led to more hiring by the firms. Firms assigned the combination of services were 8 percentage points (68 percent) more likely to hire someone from the portal than the firms in the comparison group. By contrast, providing a larger candidate pool or the identity verification alone had no measurable impact on hiring by firms.

Firms in the combination group also successfully filled more vacancies overall because they did not reduce the number of people hired through traditional networks, even as they hired more candidates from the online portal. Six months later, and after the standard two-month probation period, firms in the combination group were 11 percentage points (73 percent) more likely to be employing a worker they had hired on the online portal. Nonetheless, firms continued to hire the majority of new employees through traditional networks rather than via the online portal, implying a continued concern over using new recruitment networks.

Taken together, simply increasing the supply of qualified candidates may be insufficient to create more jobs in a context dominated by hiring through traditional networks, if firms making the hiring do not have access to credible tools to verify and

screen the information submitted by unfamiliar job candidates.

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