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Online job search: the new normal

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Technology has the power to disrupt industries and create new methods of analyzing markets. For example, the online job search (OJS), which was used by less than a quarter of all jobseekers at the turn of the century, is now the most popular method of jobhunting and has opened new ways of studying the labor market. OJS microdata allow researchers to create models that detail how individual jobseekers navigate the hiring process. In "What does online job search tell us about the labor market?" (*Economic Perspectives*, Federal Reserve Bank of Chicago, No. 1, January 2016), Jason Faberman and Marianna Kudlyak examine the rise of OJS and its impact on the labor market.

Faberman and Kudlyak look at how OJS has evolved from 2000 to 2011. A majority of individuals no longer browse newspaper job ads or visit business asking for a paper application to fill out. As more households acquired Internet access, more jobseekers began primarily performing job searches online. In 2000, 25.5 percent of unemployed jobseekers used the Internet to search for a job. That figure rose to 76.3 percent in 2011, as more individuals gained access to the Internet at home (39.4 percent in 2000 compared with 71.0 percent in 2011). Jobseekers using OJS in 2011 had about a 25 percent greater chance of finding a job within a year than jobseekers who used traditional methods in 2000.

After determining that OJS has become the primary method of finding jobs in the U.S labor market, the authors turned to employer behavior when posting ads. The authors found that employers typically decline to post wage offers when they are seeking highly skilled workers. Accordingly, employers are more likely to post wage offers when they want to fill a lower skilled positions and when they have immediate openings.

The authors rely on earlier research that has shown jobseekers who have been seeking employment for a long period tend to be discouraged with the process and often become low-effort jobseekers. (Effort, here, is based on the number of applications sent out.) This is seemingly confirmed by 2007–11 data showing that recipients of unemployment insurance reduced the amount of applications they filled out by 0.4 percent when they were given a 1-week extension of benefits. Other research has shown that after time passes, applicants begin applying for lower-quality jobs. (Job quality, here, is based on the educational attainment of other candidates for the same job.) These trends are bad for potential workers because long unemployment periods tend to be viewed negatively by potential employers.

OJS has become the new normal in the labor market. The data sets are rich with information that allows for entirely new discussions and analysis in the labor field. So far, these data sets have allowed researchers to learn more about how long-term unemployment hurts workers, why companies omit salary information from job posts, and what type of candidates apply for different occupations. Much more research will be conducted using available data in the coming future.