

Mitchell's Musings 3-2-15: When the Obvious Apparently Isn't

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A short musing this week, one based on a personal experience. But first a proviso. Yes, I do know the distinction between a macro view of the labor market and a micro view. I used to utilize the following example in a labor econ class with regard to that distinction and the use of programs which are supposed to aid the unemployed. If there are 100 job seekers and 90 jobs, at the end of the day, ten will be unemployed. That's what happens in "Round 1." Imagine I now propose a job coaching program whereby I apply some "treatment" to the unlucky ten to help them find a job. The evaluation of the program will be based on whether in fact the program gets them a job.

In my hypothetical job coaching program, I teach the ten to comb their hair and to dress right for job interviews, to look the interviewer in the eye, and to prepare a spiffy résumé. Now we run the experiment again for Round 2. Let's suppose that as before there are 100 job seekers (including my ten) and 90 jobs. And let's suppose that prospective employers are very impressed with my well combed job seekers so that all ten get jobs. My program is a smashing success. But at the end of the day in Round 2, ten folks end up unemployed. It's just that they are a *different* ten. From a macro perspective I have done nothing other than reshuffling the queue of job seekers. But from a micro perspective, my program has met its objectives (and the ten who went through it are now enthusiastic supporters).

I hope this example will be convincing that I know the difference between macro and micro. The macro problem was the shortage of ten job openings compared to the number of job seekers. I can only fix the underlying macro problem by doing something on the demand side to create those extra jobs. A supply side fix won't help in this simple example.

There is a proviso, however. Suppose we complicate the example a bit by assuming there are some additional job openings beyond the original 90. To make the example simple, assume there are employers with another ten openings, but who won't hire folks who are unkempt, inappropriately dressed, who don't look interviewers in the eye, and who have slapdash résumés. Those employers take such traits as signals that job seekers who have them will, if hired, turn out to be poor performing employees. They would rather have vacant positions instead of poor performers. My ten job seekers, before the treatment, can be said to be structurally unemployed because of their traits. No matter how much opportunity the labor market provides, they end up unemployed. But if I run the ten through my treatment program, they do get jobs and we have resolved the problem whether you choose to view it as macro or micro.

What brought these matters to mind was my participation in hiring a candidate for a job vacancy. I won't describe the vacancy except to say that it involved a job requiring a college education. The job's duties were described in the official posting. And one could easily go to the website of the organization in which the job was to be located to find out more detail about the organization itself and the likely desirable characteristics of someone who would be considered for the position.

About 30 applications were received. At this stage, the process involves separating applications into those who should be rejected without further scrutiny and those who should receive a serious look. Of the applications received, about two thirds fell into my reject pile. Why? Their cover letters – an

opportunity to explain in brief terms why the applicants' backgrounds made them a good fit for the position – were generic “hire-me-I’m-good” letters that were not geared to the actual position or the actual organization at issue. There was no highlighting in the letters of background or experience that seemed specifically relevant for the job opening. There was no sign of the applicants even having visited the organization’s website to see what its function was. Would you hire someone for a responsible position if that person showed no ability to highlight their own qualifications?

Because the job posting made it clear that a college education was required, the applicants were not uneducated. They did not have backgrounds where one would expect to find folks who needed to be told to do the equivalent of combing their hair or dressing right for an interview. Of course, you could say that given the modern ability to apply for the job electronically, it didn’t take much effort to submit an application. Still, what’s the point of submitting an application which has a zero chance of success, even if it is easy to do?

My experience is admittedly a very small sampling of the job market. Nonetheless, it suggests (to me, at least) that there is a need out there for some very basic job coaching, apparently even at the college level. Yes, I know that such coaching – “make your cover letter relevant for the job you are seeking” - wouldn’t have solved the macro labor market problems that arose in the aftermath of the Great Recession. That’s why I started this musing with the macro vs. micro material. But my limited experience does suggest that there is a structural problem in the labor market for some folks which goes beyond the usual target groups.