

Scarring due to Unemployment: Employers’ Hiring Decisions in Relation to Young People

Introduction

The role of recruiters in the (re-)integration of individuals into the labor market has received growing academic attention over the past decades. A main interest has often been the negative outcomes resulting from experiencing early unemployment such as lower levels of well-being, lower wages and a host of other disadvantages in the labor market ("unemployment scarring"). A growing body of research applies factorial survey experiments to study the processes underlying hiring decisions of recruiters. In these studies, recruiters usually rate the hiring chances of hypothetical profiles of applicants for hypothetical jobs (e.g. Van Belle et al. 2018). However, using hypothetical jobs may reduce the internal and external validity of the results. For example, recruiters might apply different standards when evaluating applicants for hypothetical vs. real vacancies.

Research Question

Is there a difference in recruiters’ hiring decisions based on real vs. hypothetical vacancies?

Relevance & Motivation

Results may have important implications for research studying employers’ hiring decisions by means of factorial surveys:

- If difference: Points to importance of using real vacancies to study hiring decisions of recruiters
- If no difference: Sampling of real vacancies is costly; using hypothetical vacancies saves time and effort

Survey Instrument

Factorial Survey Experiment

- Recruiters evaluate several descriptions of hypothetical applicants (vignettes)
- Within vignettes, the levels of applicants’ characteristics (factors) vary randomly
- Vignettes randomly assigned to recruiters (10 vignettes per recruiter)

→ Forces recruiters to make trade-offs between several characteristics (Auspurg et al. 2015)

Vignette Design

- 2*5*7*9 Design (see Table 1) → Fraction of 280 vignettes in 28 decks à 10 vignettes
- Vignette sample & decks optimized for D-efficiency
- Vignettes shown in form of CVs (see Figure 1)

Table 1: Experimental variables

Experimental variables	Levels	Recoding for analysis
Gender (2)	Male, Female	Dichotomous (1/0)
Nationality (5)	Luxembourgish, Luxembourgish-Portuguese, Border workers: French, German, Belgian	Four categories: German & Belgian border workers in one category
Unemployment (UE; 7)	No UE, 6 or 12 months UE after graduation, 6 or 12 months UE between jobs, 6 or 12 months current UE	Four categories: No UE, after graduation, between jobs, current UE
Education & Work experience (9)	Three blocks with three levels each (lower secondary, upper secondary, tertiary): Block 1: Sector-specific education & work exp.; Block 2: Educational credentials & work exp. in retail sector; Block 3: Sector-specific education & work exp. as call-center agent	Three categories: Lower secondary, upper secondary, tertiary educational credentials

Figure 1: Example vignette

Application A	
Personal Information	
Gender:	Male
Nationality:	Luxembourgish
Vocational experience	Now
12/2017	Unemployed
12/2016	
12/2015	
12/2014	
12/2013	Position 1: Mechanic (Luxembourg)
05/2013	
Education	05/2013
	DAP Mécanicien

What are the chances for a candidate with the above shown CV to be considered for the advertised job/for the job as [hypothetical job]?

Data, Sample & Methods

Data

- Data from pilot study of EDYPOLU project
- Five occupational sectors in Luxembourg; Entry-level jobs
- Field phase: 29th May - 25th June 2018

Sampling

Two samples of recruiters:

- (1) Sampling of real vacancies published on online-job portals (Sample RV)
→ Vignette rating referring to real vacancy
- (2) Sampling of recruiters via public registries and yellow pages (Sample HV)
→ Vignette rating referring to hypothetical vacancy (but similar job type)

Method

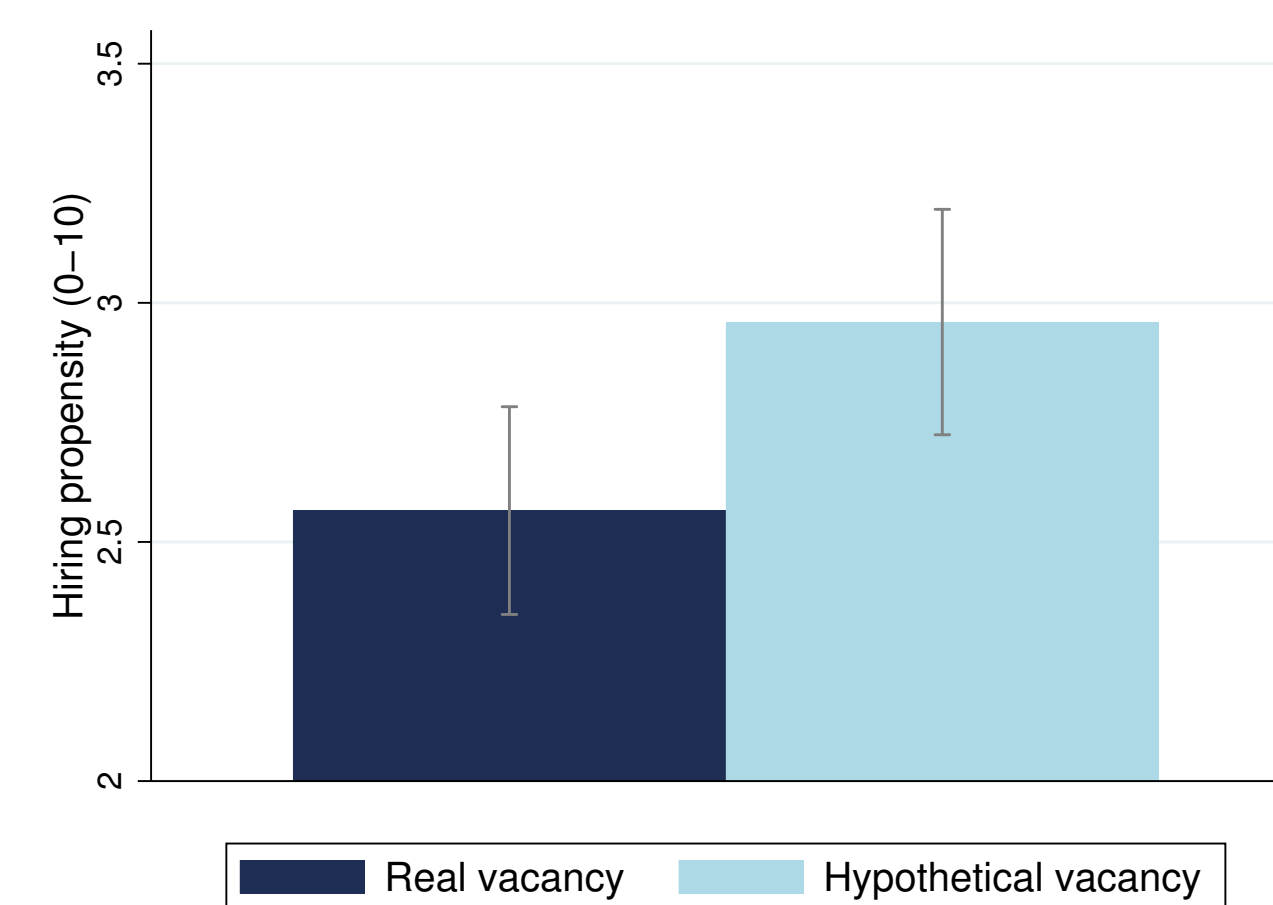
- Multilevel analysis; DV: hiring propensity (0-10)

Main Results

- Average vignette ratings more positive when using hypothetical vacancies
- Some differences in effects between two samples, but not significant

Results I: Descriptive Analysis

Figure 2: Average vignette ratings by sample type



Note: Sample RV: n=808 vignette ratings of 81 recruiters; Sample HV: n=647 vignette ratings of 65 recruiters; (95% CIs)

- Mean difference between two samples significant (p = 0.0163).

Results II: Regression Analysis

Table 2: Linear multilevel regressions by sample type

	Sample RV	Sample HV	Difference
<i>Education (Ref.: Upper secondary)</i>			
Lower secondary	−0.988*** (0.16)	−0.920*** (0.20)	−0.070 (0.25)
Tertiary	0.027 (0.16)	−0.052 (0.17)	0.077 (0.23)
<i>Unemployment (Ref.: No unempl.)</i>			
UE after graduation	0.200 (0.36)	0.489 (0.30)	−0.288 (0.47)
UE between jobs	0.298 (0.38)	−0.235 (0.32)	0.535 (0.49)
Current UE	0.036 (0.34)	0.132 (0.30)	−0.094 (0.45)
<i>Gender (Ref.: Female)</i>			
Male	−0.190 (0.16)	−0.290* (0.15)	0.101 (0.21)
<i>Nationality (Ref.: Luxembourgish)</i>			
Luxembourgish-Portuguese	−0.435 (0.27)	−0.616* (0.30)	0.179 (0.40)
French border worker	−0.131 (0.25)	−0.700* (0.33)	0.570 (0.42)
Other border workers	−0.227 (0.24)	−0.118 (0.28)	−0.110 (0.37)
Constant	2.685*** (0.41)	3.185*** (0.64)	

Source: Pretest data EDYPOLU project, unweighted data.
Note: Sample RV: n=808 ratings of 81 recruiters; Sample HV: n=647 ratings of 65 recruiters;
Difference: Interaction terms between explanatory variables and sample type
* p<0.05, ** p<0.01, *** p<0.001, robust standard errors (in parentheses).
Controls: sector, primacy effect, deck effects; Controls and variances not shown for better readability

Conclusion and Next Steps

- Using real vacancies probably associated with better internal and external validity.
- Some hints for differences in recruiters’ hiring decisions by type of vignette evaluation.
- However, realized sample size in pilot study very small (interpret results with caution!).
- Second study in November 2018 to validate results with simplified vignette design (more power).

References

- Auspurg, K., T. Hinz, S. Liebig, and C. Sauer. 2015. "The Factorial Survey as a Method for Measuring Sensitive Issues." In *Improving Survey Methods: Lessons from Recent Research*, edited by U. Engel, B. Jann, P. Lynn, A. Scherpenzeel, and P. Sturgis, 137-149. New York: Routledge, Taylor & Francis Group.
- Van Belle, E., R. Caers, M. De Conck, V. Di Stasio, and S. Baert. 2018. "Why Are Employers Put Off by Long Spells of Unemployment?" *European Sociological Review*. <https://doi.org/10.1093/esr/jcy039>.