

# Examining the impact of company selection ability on labor markets

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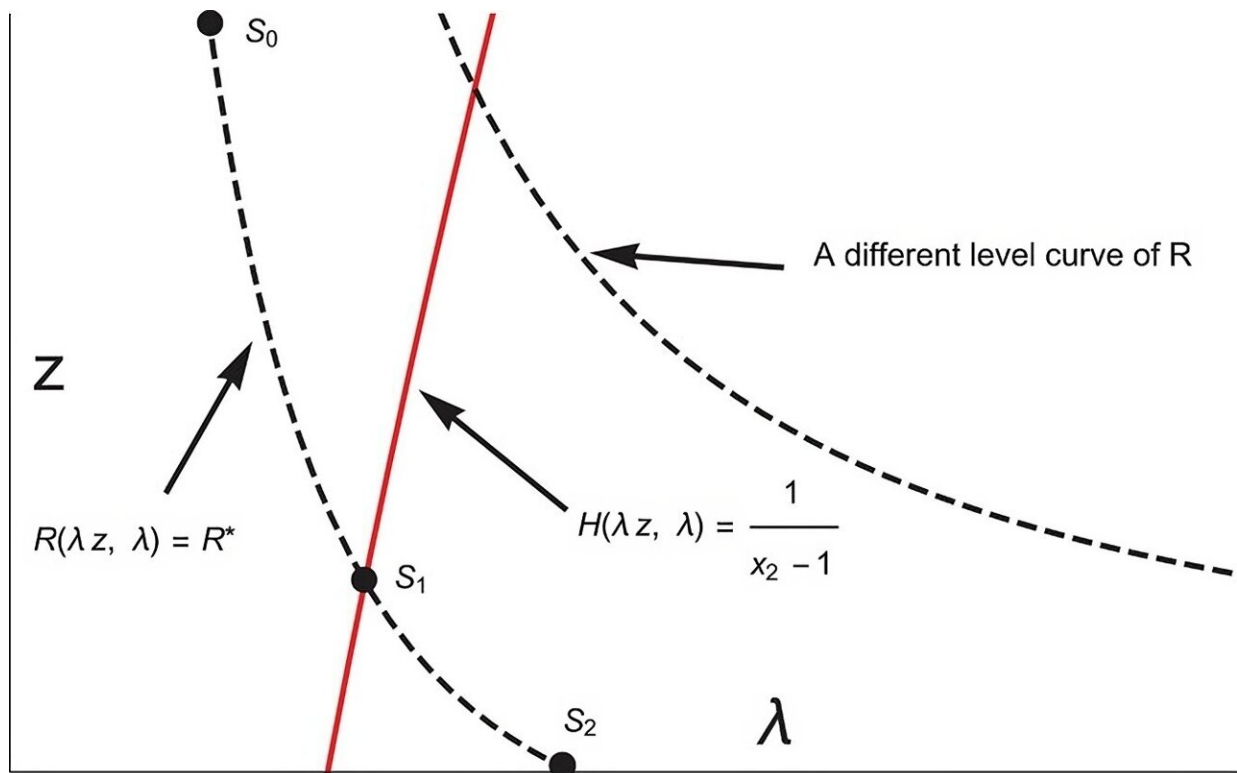


Illustration of Assumption 2 (Single Crossing). Credit: *International Economic Review* (2022). DOI: 10.1111/iere.12592

Recently, Cai Xiaoming, associate professor at Peking University HSBC Business School (PHBS), published a collaborative paper titled "Meetings and Mechanisms" in the *International Economic Review*. The

paper delves into the potential impact of companies' improved ability to select job candidates on the overall labor market.

With the advent of information technology, modern enterprises have become adept at accurately selecting job seekers. For instance, some companies employ online career tests, assigning a quantitative score to each applicant based on their responses. This score is calculated by correlating feedback from current employees with their job performance.

This [technological innovation](#) in human resources raises an important question: What is the impact on the labor market, particularly for workers with diverse skills?

Cai's research reveals that companies are no longer worried about highly skilled applicants being overshadowed by those with lower skills. To avoid recruitment failures, positions targeting high-skilled workers encourage a broad range of applications. However, this reduces the chances for low-skilled workers to secure employment, consequently lowering their expectations for labor market returns.

The methods outlined in the published paper offer a fresh approach to comprehending the challenges brought by new techniques in the [labor market](#), which can incorporate various practical factors into the framework of job seeking and matching models.

**More information:** Xiaoming Cai et al, Meetings and mechanisms, *International Economic Review* (2022). [DOI: 10.1111/iere.12592](https://doi.org/10.1111/iere.12592)

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