

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Ananya Sen, University of Toulouse.

TITLE: **Statistical Externalities and the Labour Market in the Digital Age.**

TIME: 4:00 PM - 5:30 PM

DAY & DATE: Tuesday, 27th August, 2013

PLACE: Seminar Room 2

Abstract:

We examine whether a reduction in the cost of applying for jobs that leads to an increase in the number of candidates applying for jobs at a firm, may make the firm worse off. We build a model where there is worker heterogeneity and firms can choose to screen workers at a cost. In equilibrium, a reduction in application costs can lower firm payoffs by raising the number of applications from workers who, on average, are of lower quality than those who apply when application costs are high. An additional candidate can impose a negative externality on the firm by adversely affecting the statistical quality of its candidate pool. We discuss applications to the phenomenon of attention congestion through advances in digital technology.

JEL Classification: J 60, J64

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