

Stream 17: The role of employers...

Statistical discrimination and employers' recruitment practices for low-skilled workers

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The theory of recruitment behaviour by employers has emphasised the use of statistical discrimination techniques in order to select candidates in situations characterised by uncertainty and asymmetric information. Employers tend to use signals to identify potentially problematic employees among prospective candidates.

In this paper we are interested in the type of strategies that employers use to select candidates in the low-skill segment of the labour market. We are interested in low-skilled workers because: 1) they are the main target of activation programmes, and 2) they tend to display many of the signals that have traditionally been associated with labour market disadvantage, such as lack of soft skills or command of the language, immigrant status, or experience of unemployment.

The paper is based on qualitative evidence, collected in 42 semi-structured interviews with as many employers which rely largely on low-skilled workers. The interviews were carried out in 2009 in six European countries.

Results indicate that employers use a variety of selection techniques based on "statistical discrimination". These include giving priority to those who make unsolicited applications which is seen as a signal for motivation and avoiding those who are sent by the employment office (seen as a signal of lack of motivation). Many employers underline the importance of testing people as a more reliable approach to successful staff selection, and rely on temporary work agencies for this purpose.

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