

Skills, Signals, and Employability: An Experimental Investigation

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As skills of labor-market entrants are usually not directly observed by employers, individuals acquire skill signals. To study which signals are valued by employers, we simultaneously and independently randomize a broad range of skill signals on pairs of resumes of fictitious applicants among which we ask a large representative sample of German human-resource managers to choose. We find that signals in all three studied domains – cognitive skills, social skills, and maturity – have a significant effect on being invited for a job interview. Consistent with the relevance, expectedness, and credibility of different signals, the specific signal that is effective in each domain differs between apprenticeship applicants and college graduates. While GPAs and social skills are significant for both genders, males are particularly rewarded for maturity and females for IT and language skills. Older HR managers value school grades less and other signals more, whereas HR managers in larger firms value college grades more.

Link to WP: <http://ftp.iza.org/dp11283.pdf>