

Interviews and the Assignment of Workers to Jobs

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Abstract:

This paper studies the effect of screening costs on the equilibrium allocation of workers with different productivities to firms with different technologies. In the model, a worker's type is private information, but can be learned by the firm during a costly screening or interviewing process. We characterize the planner's problem in this environment and determine its solution. A firm may receive applications from workers with different productivities, but should in general not interview them all. Once a sufficiently good applicant has been found, the firm should instead make a hiring decision immediately. We show that the planner's solution can be decentralized if workers direct their search to contracts posted by firms. These contracts must include the wage that the firm promises to pay to a worker of a particular type, as well as a hiring policy which indicates which types of workers will be hired immediately, and which types will lead the firm to keep interviewing additional applicants.