

Discussion of
“Mobile phones for labor market intermediation:
A multi-treatment experimental design”
by A. Dammert, J. Galdo & V. Galdo

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Summary

- This is a very good paper, and I enjoyed reading it
- It is very well written, motivated and executed
- The topic is very interesting
- It has high policy relevance
- My comments will focus on clarifications and potential improvements

Setup

- Four treatments
 - C: Control - Embargoed (for 3 months) from LMI services
 - ND: Non-digital LMI services
 - SD: Short-digital LMI services
 - ED: Enhanced-digital LMI services
- Being in group C means what here? Only not being notified on matches? Caseworkers ignore them? Can they search online?
 - It matters for result interpretation
 - Descriptives: only 20% of search effort through public channel
 - But, it is not clear what the private channel actually entails
 - In particular, public channel offers “tailored” results
- Three other groups: can they all use online public LMI services?
- ED group: how is the private information incorporated into system? It also goes to software that looks for best matches?
- If the authors could clarify would help interpreting results

Setup (cont.)

- Sample is based only on **new** registered users. Why? Don't we want to know how these services would work for different types of unemployed? Does it skew sample to young job seekers?
- Authors argue it is to minimize selection on “unobservables”
 - But isn't the whole point of running an experiment to forget about those issues? More discussion would be helpful.
- It is “Costly” rule in terms of power: Authors obtain lots of results that look potentially interesting but are not statistically significant. (Not so many new entrants in a 3-month period!)
- Also, they exclude individuals with no cell phones and unskilled persons in high turnover occupations
- Experiments are always hard in terms of **external validity**. In this case the sample selection rules make it even harder.

Results

- Job search determinants: Why not run multinomial logit/probit? Would make it easier to interpret results. (E.g.: None, Internet only, phone only, both.)
- Time pattern of main results is interesting: is the ED treatment speeding-up matching process?
 - Even if it is just 1-2 months, over multiple unemployment spells it can add up in terms of employment months gained
- Authors do analyze matching “efficiency” (i.e. skills, earnings). But they select sub-sample of people who found jobs.
 - Unfortunately, the experiment does not solve selection into employment in that case (Ham & LaLonde, Econometrica, 1996)
- Other results (gender, work experience, income) are potentially interesting, but low precision makes it hard to interpret them (sample size!)

Secondary comments

- Is interpretation of SD v. ED really that enhanced set of information “transmitted through **digital** channels” matter? I could also interpret it as **better information matters**; it just happens to be transmitted (in ED) by digital channels...
- “Crowding-out” discussion of job search effort is not clear to me that is relevant in this case: Doesn’t it depend on how good is the info? SD treatment results suggest that if info is not very interesting, then nothing happens...
- Is there a way to better characterize the “quality” of the firms that participate in CIL-PROEMPLEO? It would help understand and put in context results
- Model: “By construction we know overall search efficiency [...] by information technology” (pp. 13). Isn’t this an empirical matter?

Conclusion

- It is a thought-provoking paper
- Let's concentrate on possible policy implications
 - ① Let's provide LMI services through as many channels as possible (traditional, online, cell phones)
 - ② Quality of information matters: adding info on private sector, and providing job-seekers a “matching algorithm” to identify better matches is very important!
- The paper only partly implies 1) and 2), and it applies to a quite selected population
- But, the existing literature is razor-thin in this area, so the paper is a nice contribution
- I will be looking forward to reading the next version, and to more work from the authors in this area!