(Mis)Perceptions of the Labor Market

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Motivation

Workers and firms make decisions based on what they think the market values

- Workers: which skills to invest in, which jobs to apply to
- Firms: how much to pay and what amenities to provide

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Question: do workers and firms have accurate beliefs about the preferences of others in the labor market?

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- Workers: which skills to invest in, which jobs to apply to
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Question: do workers and firms have accurate beliefs about the preferences of others in the labor market?

Important determinant of outcomes: skill and amenity provision, pricing, matching

- Difficult to study: compare preferences with beliefs about those preferences

This paper

Conduct incentivized field experiments on a large online job platform

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3. Combine the two to document **perception gaps** on both sides of the market
   - Including about wages, human capital, reputation, job amenities

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1. Estimate preferences of employers and workers: evaluate profiles and job offers
2. Estimate beliefs about these preferences: predict evaluations
3. Combine the two to document **perception gaps** on both sides of the market
   - Including about wages, human capital, reputation, job amenities
4. Study perception gaps and their consequences
   - Model: gaps distort investment and pricing, reduce matching and surplus
   - Evidence: gaps relate to market characteristics, pricing, and outcomes
   - Personalized information treatment: changes market behavior

Contribution

Demand, supply, and pricing of skills and amenities

Information frictions and labor market allocation

Incentivized field experiments in a real labor market

Economics of freelancing and online labor markets

Contribution

Demand, supply, and pricing of skills and amenities

- Estimate preferences and expected preferences for a rich set of worker, job, and employer characteristics, on both sides of a real labor market

Estimating labor market returns
Topel (1991), Card (2001), Bertrand and Mullainathan (2004), Charles and Guryan (2011), Oreopoulos and Petronijevic (2013), Kline et al. (2022)

Estimating valuation for amenities
Mas and Pallais (2017), Sorkin (2018), Katz and Krueger (2019), Mas and Pallais (2020), Rickne and Folke (2022), Beerli et al. (2025), Humlum et al. (2025), Mas (2025), Roussille and Scuderi (2025), Adrjan et al. (2026), Caldwell et al. (2026)

Subjective expectations

Wiswall and Zafar (2015), Conlon et al. (2018), Wiswall and Zafar (2018), Mueller et al. (2021), Angeli et al. (2023), Fuster and Zafar (2023), Caliendo et al. (2024), Exley et al. (2025), Lepage et al. (2025), Caron and Erda (2026), Cordes and Müller (2026)

Contribution

Information frictions and labor market allocation

- Identify perception gaps on **both sides about the preferences of both sides**
- Study how gaps distort outcomes
  - Link experimental estimates to market outcomes
  - Information can mitigate gaps

Labor market misperceptions
Card et al. (2012), Altmann et al. (2018), Agan et al. (2020), Bryan et al. (2022), Cullen (2024), Sockin and Sojourner (2023), Friedrich and Zator (2024), Jäger et al. (2024), Abebe et al. (2025), Bertheau and Hoeck (2025), Caldwell et al. (2025), Cullen et al. (2025), Miano (2025), Sockin et al. (2026)

Misperceptions about market preferences
Aguirregabiria and Jeon (2020), He et al. (2023), Caron and Erda (2026), Cordes and Müller (2026)

Contribution

Incentivized field experiments in a real labor market

- Extend the Incentivized Resume Rating methodology and combine it with administrative data

Incentivized Resume Rating
Kessler et al. (2019), Kessler et al. (2023), Exley et al. (2025), Russel and Shaw (2025), Caron and Erda (2026)

Mitigate experimenter demand while avoiding deception
Agan et al. (2023)

Contribution

Economics of freelancing and online labor markets

Freelancing and online markets

Benson et al. (2020), Cullen and Farronato (2021), Laouénan and Rathelot (2022), Echenique et al. (2023), Roussille (2024), Freeland et al. (2026)

Freelance market

We collaborate with one of the largest freelance platforms in Europe

- Large market of growing importance (platform: €1B annual revenue)
- Access to administrative data: users, profiles, offers, job outcomes
- Experiments are presented as an internal initiative to improve matching

Mostly high-skill, well-paid jobs (€120-1200/day)

- Last from one day to six months, vary in full-time and remote status

We focus on the French market and on 8 common narrowly-defined jobs

- Tech (e.g. back-end developer) and non-tech (e.g. growth marketing)

Hiring process: employers, known as “recruiters” search for and contact workers

Evaluations and predictions

Construct hypothetical worker profiles and job offers by job category

- Randomize characteristics independently based on real profiles and offers

348 recruiters and 824 workers make 25 evaluations on a 10-point likert scale

- Main outcome: hiring/acceptance interest ▸ Questions
- Incentivized by recommending real workers and jobs (Kessler et al., 2019)

709 recruiters and 1,601 workers make 25 predictions of these evaluations

- Half predict other side of their market, half their competitors
- Given information on the evaluator sample for their job category
- Incentivized based on accuracy (Healy and Leo, 2025)

Thomas

Growth Marketing

21 missions ★★★★★ (5 reviews)

Availability confirmed
Full Time

Indicative Daily Rate	Experience	Response rate	Reponse time
460 €/day	3-7 years	100%	1h

Location and mobility

Location
France, within your region

Remote only
Works primarily remotely

Languages

French
Bilingual or native

English
Full professional proficiency

Educations

BTS
Université de Nantes

Skills

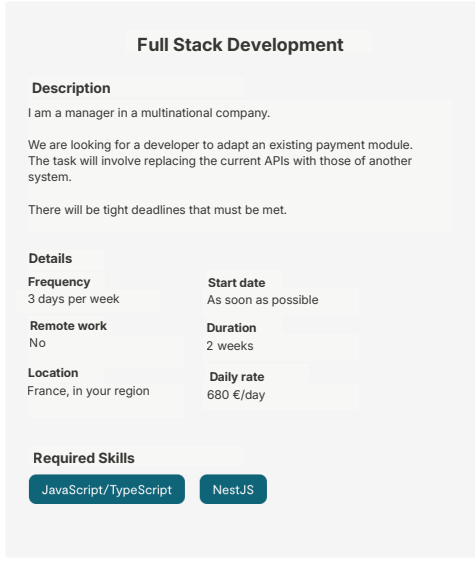
Performance Analysis & Monitoring

Experiences

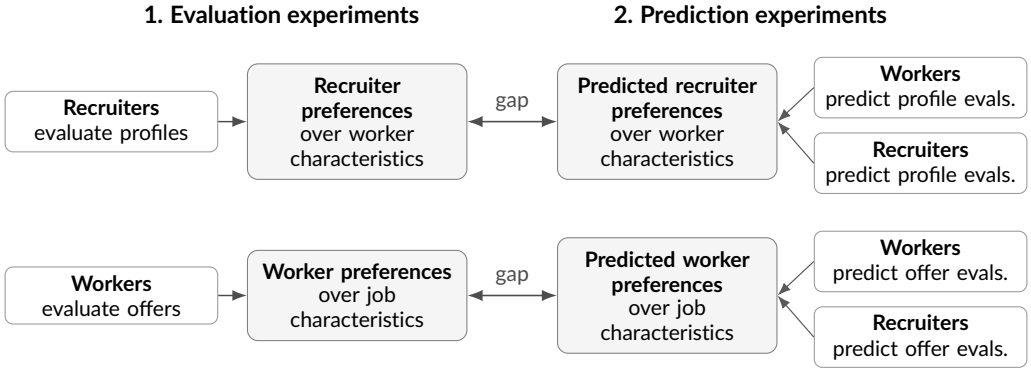
6 years of professional experience including one representative example below

Les Belles Boîtes
Investment Funds

- Creation of landing pages for social impact projects.
- Iteration and optimization of existing landing pages to increase conversion into sales meetings.


Full Stack Development
Description
I am a manager in a multinational company.
We are looking for a developer to adapt an existing payment module. The task will involve replacing the current APIs with those of another system.
There will be tight deadlines that must be met.
Details
Frequency
3 days per week
Start date
As soon as possible
Remote work
No
Duration
2 weeks
Location
France, in your region
Daily rate
680 €/day
Required Skills
JavaScript/TypeScript
NestJS
P
Pierre
(7)
8 missions
Sector of Activity
E-commerce
Size of the company
1000-4999 employees

Experimental design



Estimation to recover preferences and expected preferences

Rating or prediction of object o with characteristic vector $\mathbf{X}$ by participant i:

$$R_{io} = \beta_0 + \mathbf{X}'_{io}\boldsymbol{\beta} + \alpha_i + \varepsilon_{io}$$

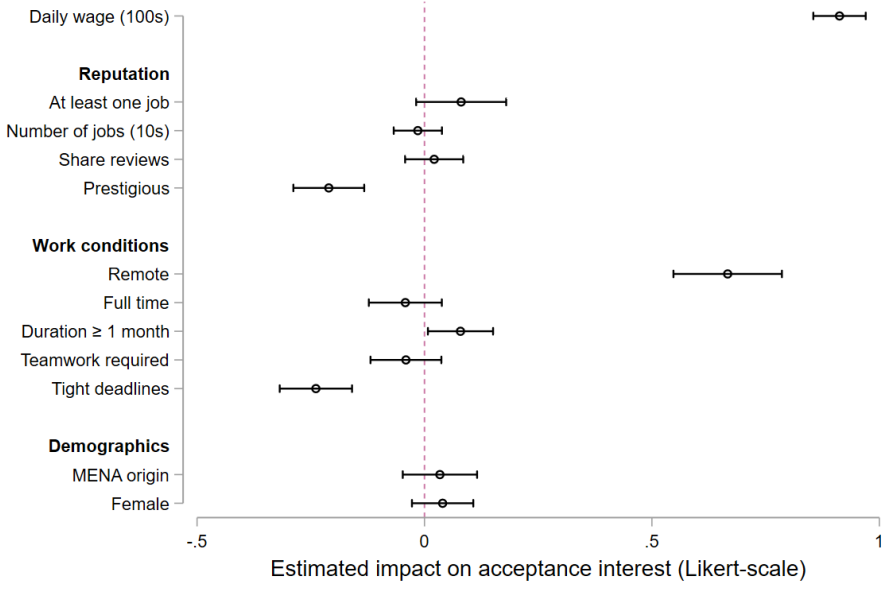
To estimate gaps, interact each char. with whether the participant is a predictor (P_i)

$$R_{io} = \beta_0 + \mathbf{X}'_{io}\boldsymbol{\beta} + (P_i\mathbf{X}_{io})'\boldsymbol{\gamma} + \alpha_i + \varepsilon_{io}$$

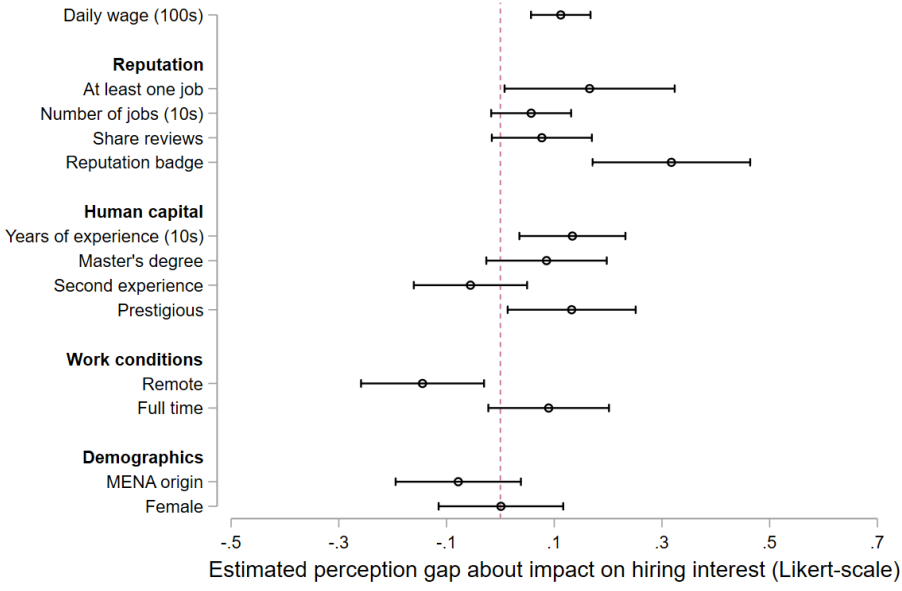
X: asked/offered wage, reputation, HC, job conditions, demographics List

Recruiter preferences

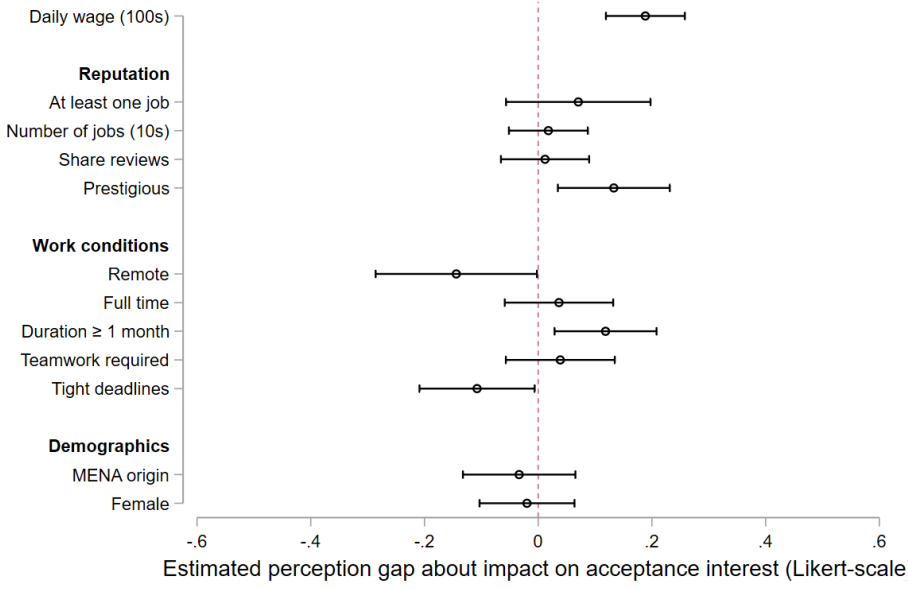
Worker preferences



Perception gaps about recruiter preferences (profile characteristics)



Perception gaps about worker preferences (job offer characteristics)



Perception gaps takeaways

Magnitude of gaps

- Gaps around 5% of a SD in evaluations each, add up to substantial mistakes
- Misperception of value by €200-1000+ *per characteristic* ▸ Profiles ▸ Offers

Additional findings

- Gaps restricted to competitors are similar, but smaller ▸ Profiles ▸ Offers
- Little evidence that gaps close with experience ▸ Completed jobs ▸ Freelance years
- Anticipated discrimination against MENA by MENA participants ▸ Profiles ▸ Offers
- Heterogeneity in gaps by tech vs non-tech and across individuals ▸ Individual

Theoretical framework

Workers and recruiters have bundles of attributes with a given market value

- Workers post asked wages and are randomly matched to one recruiter
- Recruiters decide whether to offer, which workers accept or not

Agents make decisions based on how they think their attributes are valued

- May over-/under-price and over-/under-invest in attributes
- Affects wage-setting, offer-making, and acceptance

Distorted choices affect matching and reduce surplus

Evidence on distortions and broader implications

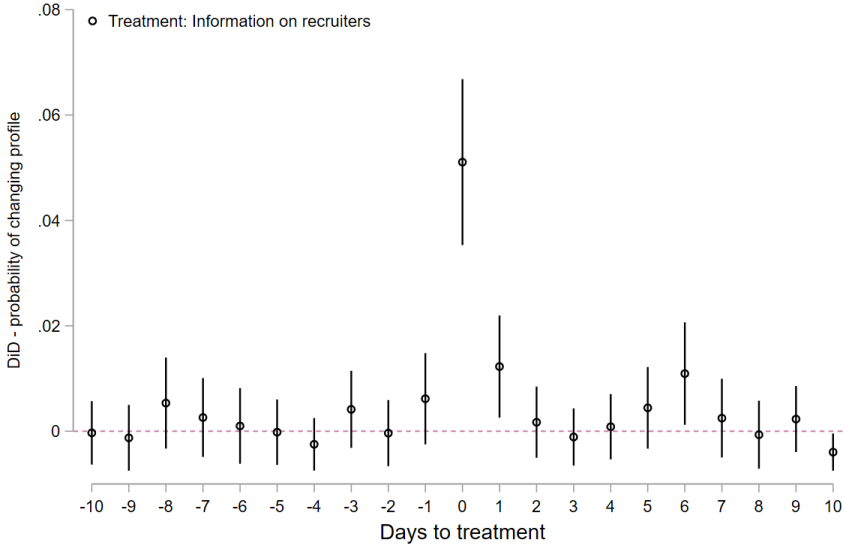
Evidence consistent with gaps distorting investment and pricing

- Workers/recruiters overest. value of characteristics they possess/offer
- Workers/recruiters who overest. their value ask more/offer less
- Workers/recruiters who underest. others' price sensitivity ask more/offer less

Evidence consistent with gaps leading to worse market outcomes

- Fewer matches, lower earnings, higher wages paid

Workers change their profile in response to information



Conclusion

Conduct incentivized field experiments on both sides of a real labor market

- Elicit preferences through evaluations of randomized profiles and offers
- Elicit beliefs about these preferences
- We document substantial, economically meaningful perception gaps

Potential implications for several market phenomena

- Workers: over-credentialing, skill mismatch, unemployment, wage inequality
- Firms: monopsony, pay premia, labor shortages, compensating differentials

Gaps could be larger in more traditional markets with less information

Thank You

Evaluation questions

Recruiters

- To what extent would you like to hire this person under the conditions indicated on their profile? Assume that they would accept an offer if you contacted them.

Workers

- If you were contacted for this project, to what extent would you be willing to accept it under the stated conditions?

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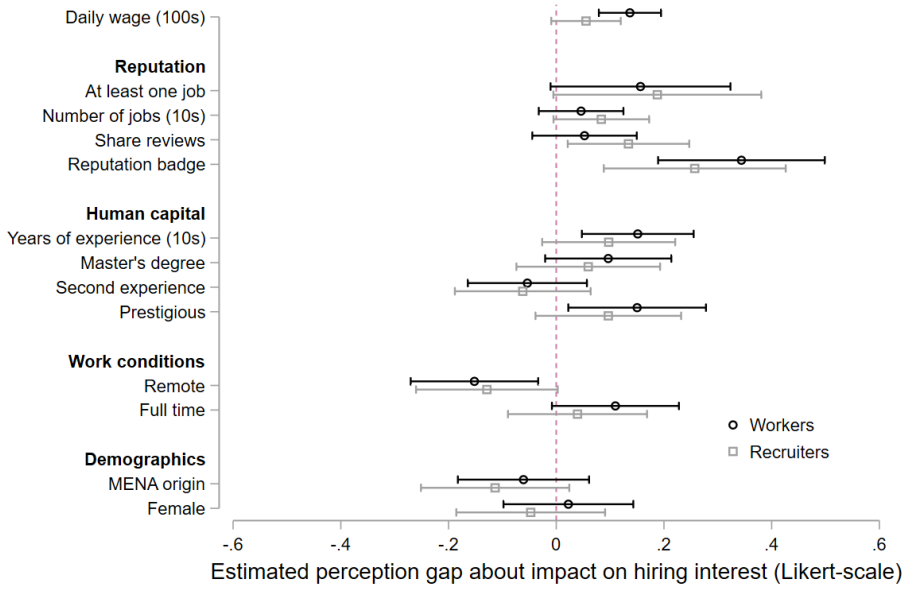
Perception gaps and predictor type: profiles



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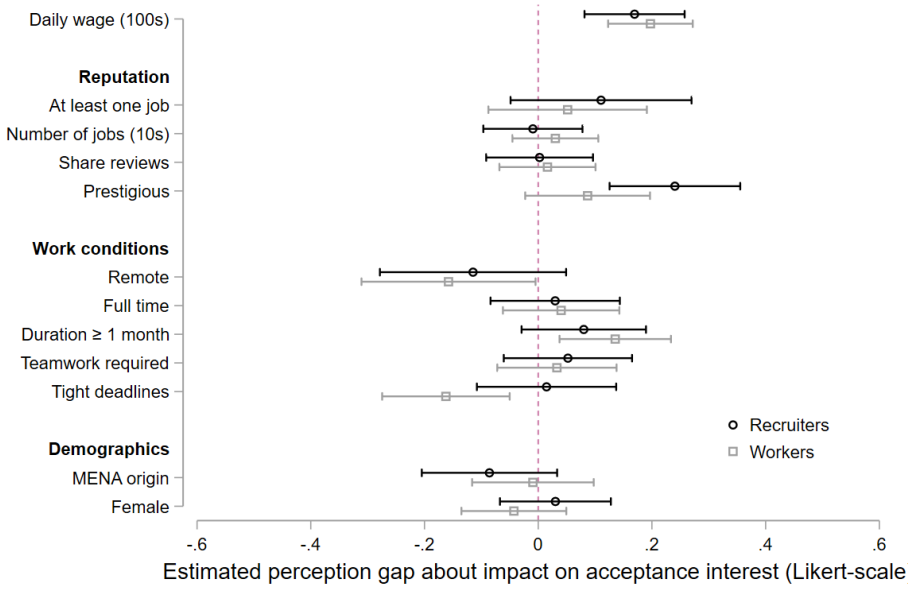
Perception gaps and predictor type: offers



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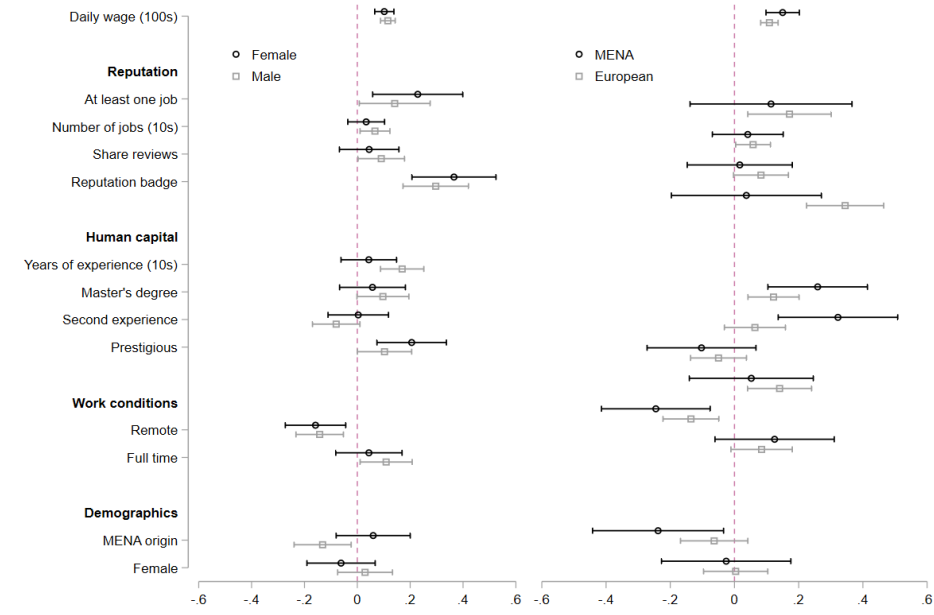
Heterogeneity in perception gaps: profiles



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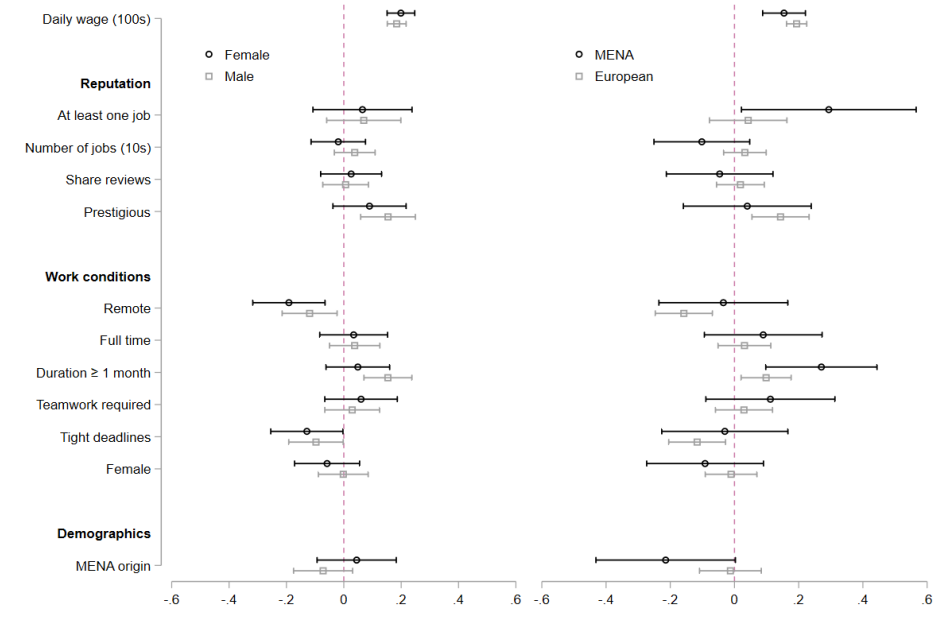
Heterogeneity in perceptions gaps: offers



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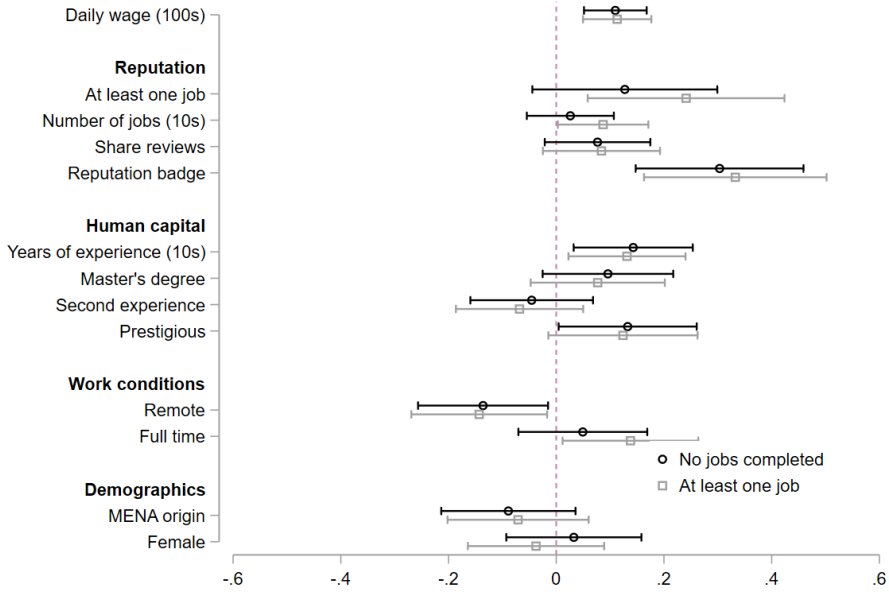
Experience and perception gaps: jobs completed



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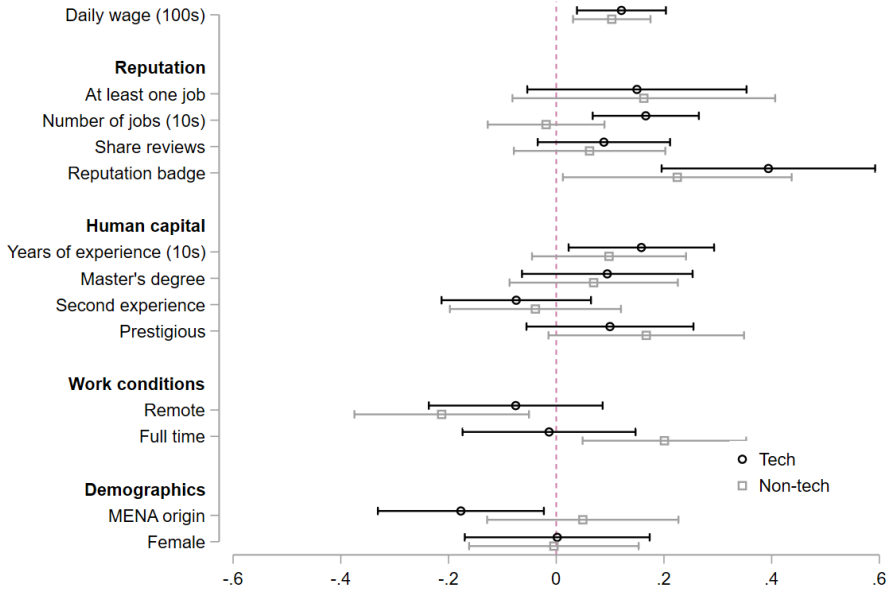
Job type and perception gaps: profiles



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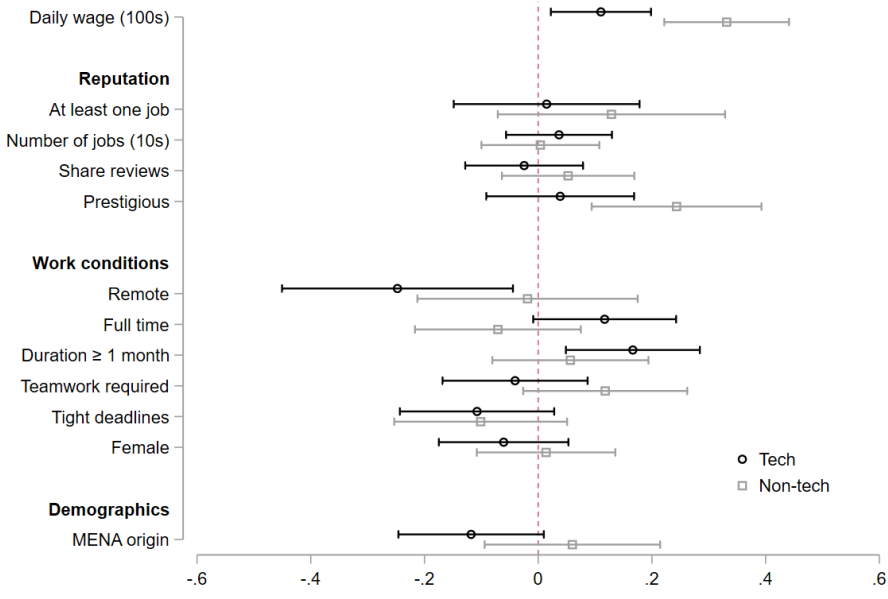
Job type and perception gaps: offers



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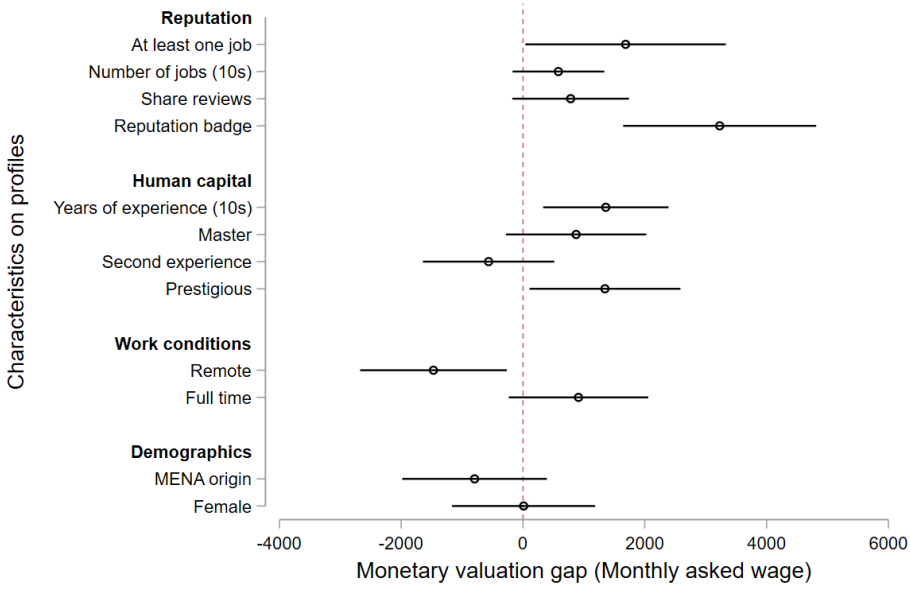
Monetary value of perception gaps: profiles



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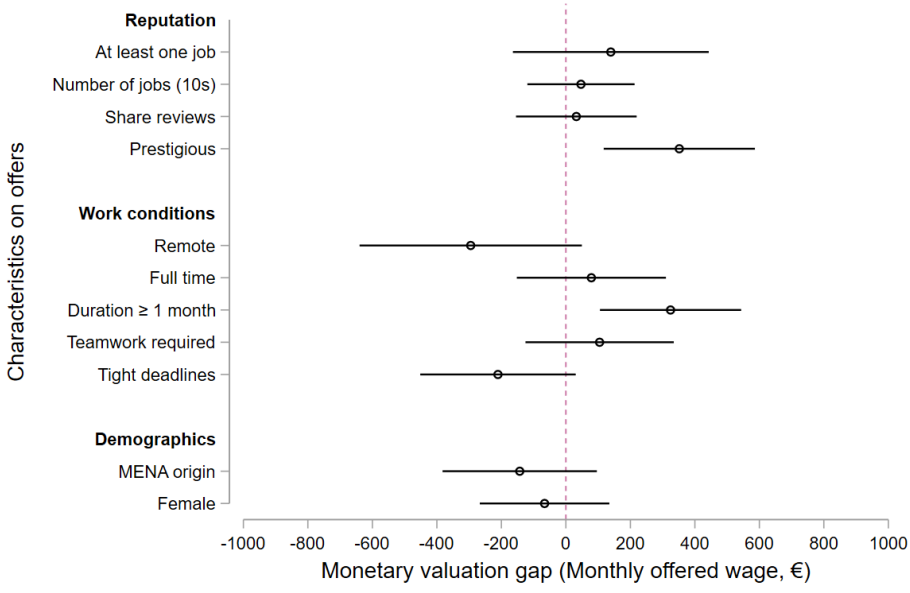
Monetary value of perception gaps: offers



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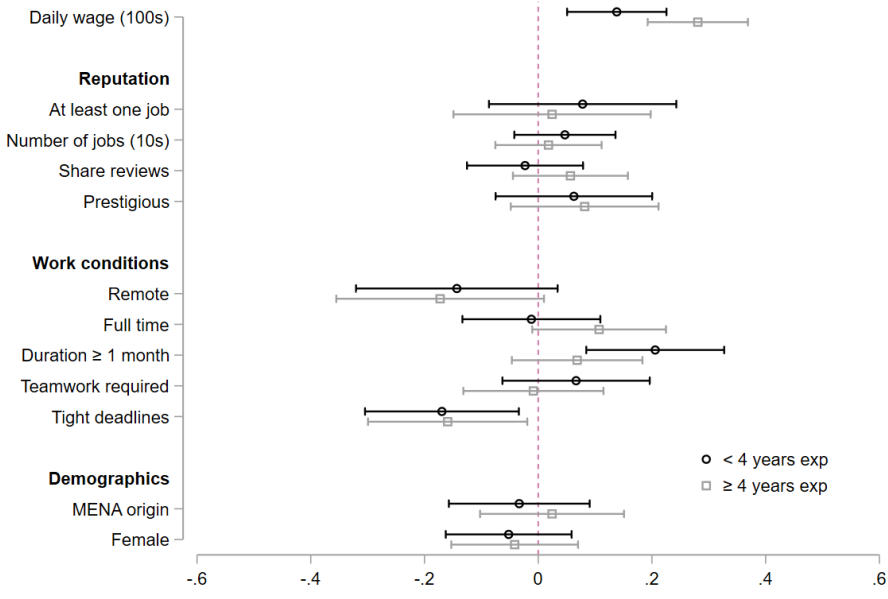
Freelancer experience and perception gaps



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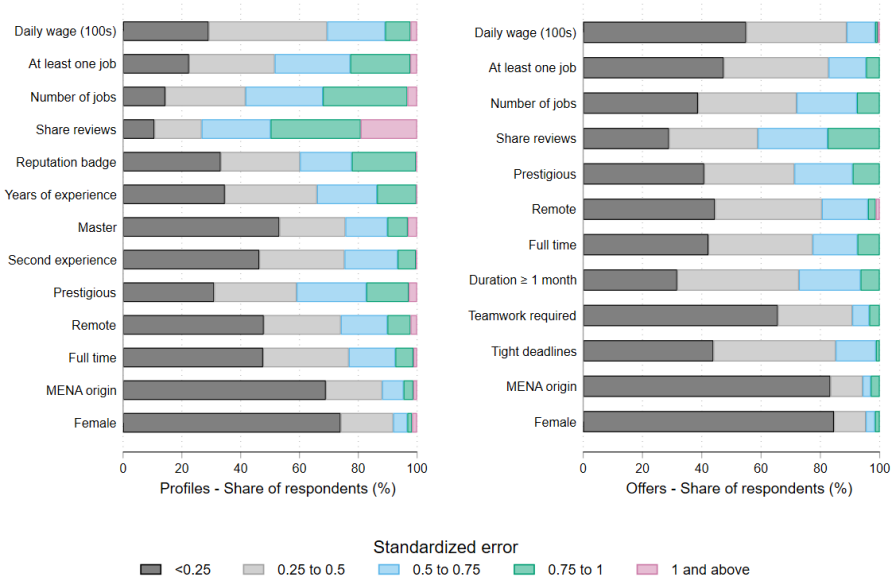
Individual-level perception gaps



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