

THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY

Department of Information Systems, Business Statistics and Operations Management

IS SEMINAR ANNOUNCEMENT



Preference Signaling in Labor Markets: Evidence from a Field Experiment

by

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DATE	18 June 2026 (Thursday)
TIME	10:30 am - 12:00 nn
VENUE	4/F Meeting Room (Room 4047), LSK Business Building

ABSTRACT

Digitization of labor markets and the recent proliferation of AI tools have dramatically lowered the search and application costs for jobseekers. An unintended consequence is over-application, where jobseekers indiscriminately apply to a large number of jobs even when they are not a good fit. Highly qualified and motivated jobseekers have little ability to signal that fact and stand out from the crowd. A potential solution is a market-based mechanism that allows jobseekers to credibly signal their fit/interest to employers. We study the introduction of such a costly signaling mechanism, sponsored advertising, in a large online labor market. With sponsored advertising, workers could bid using an on-platform currency to sponsor their applications and receive one of three top positions in the employer's application list. The platform randomly varied whether employers were exposed to sponsored applications, and within the exposure group, whether employers could see a disclosure that the application was sponsored.

We find that sponsored applications were positively selected, and sponsoring an application increased the likelihood of a worker being hired by 41%. The experimental design allows us to estimate that 80% of this increase was due to the ranking effect—sponsored applications ranking higher—and 20% was due to the signaling effect—the disclosure that the application is sponsored. On the employer side, advertising redirected hires towards sponsored applications and away from non-sponsored applications. We provide suggestive evidence that sponsored advertising led to more stable matches based on employer rehiring rates of the same worker.

BIOGRAPHY

Prasanna Parasurama is an Assistant Professor of Information Systems and Operations Management at Emory University's Goizueta Business School. His research studies AI, labor markets, platform design, and human-AI collaboration. Some of his recent work examines how AI and market design shape labor-market matching, failure modes of AI in Human-AI collaborative settings, and how AI can be designed to complement human expertise. His work has been published in leading peer-reviewed outlets including Management Science and Administrative Science Quarterly. Prior to joining Emory, he received his PhD in Information Systems from NYU Stern and worked in the industry as a data scientist.