

Word of Mouth: A Graduate's Best Job Bet

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The commencement speeches are mostly over. Newly minted college graduates are looking for work, pounding their keyboards and working their mobile phones. The unemployment rate for graduates ages 21 to 24 averaged 9.4% for the year ended in March, while the underemployment rate was a steep 19.1%, according to calculations by the Economic Policy Institute.

The experience of stumbling about for jobs is familiar to anyone who graduated during the recessions of the mid-1970s, early '80s, and even the start of the '90s. Yet since the 1970s, access to information has exploded. Considering the expansion of the Internet, powerful search engines, and social media, it should be much easier to match potential employees with employers. Apparently not. "We find that in the US, information about work and jobs is relatively hard to come by for someone seeking employment," says James Manyika, a director of the McKinsey Global Institute. Says Adam Cobb, assistant professor of management at the Wharton School of the University of Pennsylvania: "The best way to get a job now is the same as in the '70s and the '80s—word of mouth."

Technology has had a somewhat perverse effect on job-hunting. The barriers to applying for work have fallen sharply: Once a résumé is created, job seekers can submit hundreds of applications online with zero or minimal extra cost. The problem is that companies have responded with crude filtering devices, so many of those résumés remain unread. "Technology allows to search for keywords. And if applicants don't use the right keyword in their résumé, they won't make the list," says Susan Cantrell, a research fellow at the Accenture Institute for High Performance. A large body of research shows that half or more of all jobs come through informal channels, according to Limited Network Connections and the Distribution of Wages, a study by economists Kenneth J Arrow of Stanford and Ron Borzekowski of the Federal Reserve.

What matters is a recommendation and personal assessment. Valuable recommendations come from what Stanford University sociologist Mark Granovetter calls "the strength of weak ties." Acquaintances (weak ties) have networks that go beyond a job seeker's immediate circle (strong ties). Yet the acquaintances know the applicant well enough to vouch for their character. "What all of the technological advancements have not done is to overcome the primary barrier to getting a job—which, from the employer's standpoint, is being able to answer, 'What type of worker will the applicant be?'" asks Wharton's Cobb.

The online recruiting world is trying to replicate word-of-mouth networking. Jobvite, the social media recruiting platform, surveyed companies to find out what networks they used to identify job candidates. LinkedIn, the professional networking site, was the most widely used at 87 percent of the companies surveyed. LinkedIn does not disparage word of mouth, especially for recent college grads. "Referral is the No. 1 source of finding an opportunity. It comes down to who do you know," says Nicole Williams, connection director at LinkedIn.

The folks at Monster.com, the online job clearinghouse, say their Web-based tools can be used more effectively if applicants tailor their résumés to a limited number of job openings rather than send their information off to as many employers as possible. At the same time human resource departments could reduce the flood of résumés by clarifying what sort of candidates they are seeking.

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