LinkedIn works like banking

In the article “Applying and recruiting work like investing”, I showed that discipline is the shared success factor. Another parallel between banking and the labour market becomes apparent when we look at LinkedIn.

Peter Näf
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What is often forgotten is the true macroeconomic function of banks: maturity transformation. Banks balance the differing time preferences of savers and borrowers by converting short-term deposits into long-term corporate loans. What does this have to do with the labour market?

Here, too, there is often a timing mismatch between the needs of jobseekers and those of companies. Many people have the frustrating experience that precisely when they are looking, there are no suitable vacancies available. Companies experience the mirror image of this problem: in dried-up labour markets, they struggle to find suitable employees because potential candidates are not actively looking for a new job.

LinkedIn as an arbitrageur in the labor market

Such mismatches call arbitrageurs into action. In the labour market, headhunters take on this role by approaching people - particularly specialists and executives - who are not actively seeking a new position. In the time before LinkedIn, which I experienced as a headhunter, this was often laborious: if advertisements and personal networks were insufficient, the only option left was time-consuming manual research.

LinkedIn has greatly simplified this process. Search algorithms make it possible to identify suitable profiles quickly. Today, companies partly take on this task themselves - through internal headhunters, known as sourcers.

More fairness in recruitment?

There is no equivalent service on the employee side, because headhunters work exclusively for companies. Recruitment consultants may act on behalf of jobseekers, but they do not engage in similarly intensive job hunting, as they are paid only upon success.

This is where LinkedIn offers an opportunity: employees can make themselves visible and approachable. After all, even those who are generally satisfied in their current role will consider a better position - often without any concrete intention to change jobs.

In the past, it was mainly well-connected, extroverted personalities who were more easily found. Today, introverts can also make themselves discoverable through social media.

However, to prevent the same personality types from being favoured yet again, more reserved individuals would need to overcome their reluctance and be present on LinkedIn.

And yet, it is precisely among them that I often encounter strong reservations in my coaching practice. So, will the same personalities prevail once more in the age of LinkedIn - or will the more reserved seize this opportunity?

#linkedin #jobsearch #application

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