

# COVID Policy Interventions Changed How Companies Hire

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Recruiting and hiring the right people can have a dramatic impact on firm performance, especially at new ventures. However, economic, social, and political factors can shape the job market in nuanced ways—affecting not only job candidates but also the nature of firms’ recruiting activity and the kinds of candidates they seek. Because the COVID-19 lockdown policies were very disruptive to economic activity, we wanted to understand how these changes affected the job market. We believed that these interventions would create new challenges but also opportunities—altering recruiting strategies and outcomes—and wanted to explore these processes so as to unveil some lessons for firms facing future external disruptions.

We expected COVID-19 policy interventions would reduce company recruiting during the early, stringent intervention periods, as companies responded by cutting costs, freezing hiring, laying off staff and navigating the uncertain landscape. At the same time, we knew that more people would be looking for work after being laid off, either temporarily or permanently. So we expected candidates to be more likely to respond to the recruiting messages that *were* sent out during this period. What we found generally confirmed these intuitions but also yielded some surprising insights about how well-established companies recruited and the types of candidates they sought.

## Our Research

We were fortunate to gain access to a rich dataset from a prominent social media platform that specializes in professional networking for entrepreneurial technology firms. The company shared proprietary data on the recruiting activity taking place through their platform. These exchanges were particularly interesting because they were reserved for a specially selected pool of top-talent, highly desirable candidates. Companies that were recruiting on this platform paid to have access to

these candidates before initiating recruiting conversations. As such, this is a context where we know that the ventures are very interested in this pool, and that each hire from this pool is a significant success for the firm. We also had a fairly large sample, capturing over 234,000 exchanges between more than 25,000 job candidates and 1,769 companies.

We were able to observe many rich details related to the exchanges between companies and job seekers. In turn, we were able to study the outcomes of each recruiting exchange such as 1) whether the candidate responded to a company’s recruiting outreach, 2) whether the company made an offer to that candidate, and 3) whether the candidate was hired. We could thus observe not only the outcomes of recruiting but the dynamic process by which these exchanges unfold.

To explain these outcomes, we focused on several factors. Our initial focus was on how the COVID-19 policy interventions altered the above outcomes. For this, we used the University of Oxford COVID-19 Response Tracker measure of “COVID-19 policy stringency.” We looked at conversations at different points in time and from firms in different places (mostly California and New York), so that we could see if recruiting activity prior to the interventions was different from recruiting activity in states and months when the interventions were very stringent.

We were also interested in whether firms sought more “entrepreneurial” candidates during the pandemic intervention period. Although we could not observe this directly, we figured out how to measure the candidates’ entrepreneurial characteristics. For this, we calculated a measure of “individual entrepreneurial orientation” based on how candidates described themselves and their achievements in their profiles on the platform. We used an established list of terms associated with the aspects of entrepreneurial orientation—words related to



innovativeness, proactiveness, and risk-taking—and counted how many such words the candidate used in their profiles. This gave us a way to compare companies' likelihood of hiring candidates who demonstrated higher or lower individual entrepreneurial orientation in their self-narratives.

Finally, because we were interested in how this affected young relative to older firms' recruiting strategies, we identified each firm's age at the time of the recruiting conversation, and we distinguished whether the firm was young (5 or less years) vs. maturing.

## Our Findings

Our research confirmed the baseline hypotheses that firms decreased recruiting intensity during the early stages of the COVID-19 pandemic and that job seekers responded more strongly to any recruitment efforts that companies made. In turn, we also found that those technology firms that continued recruiting during the COVID-19 policy interventions were more successful in attracting and hiring the right people; each recruiting conversation initiated by the firm was more likely to result in a hire during the stringent policy period of the early COVID-19 months. Intriguingly, it was maturing firms that were increasingly able to recruit and hire entrepreneurial candidates—even though these are the kinds of people who might be expected to traditionally go work at startups. Young firms that continued recruiting were able to “hire more of the same” during the policy intervention, but older firms were able to “hired more and differently” in terms of successfully attracting more entrepreneurial workers.

On the one hand, these findings confirmed many of our prior hunches. However, some of the findings were also surprising. For instance, because there is evidence that entrepreneurial employees are vital to firm success, the fact that maturing firms were able to “pick up” such candidates more successfully during this period implies that the policy interventions indirectly favored maturing firms over the youngest ventures. While focused on the firm recruitment side, it may also be the case that candidates are more willing to make “safe” employment choices in uncertain times. In any case, this result can be viewed as an unintended consequence of the policy interventions that disadvantaged younger firms.

## The Takeaway

In essence, our results suggest that it paid off for technology ventures of all sizes to “go against the grain”

by continuing to recruit even when many of their peers hunkered down and reduced their hiring activity. While it was a notably contrarian response to the stringent pandemic policy interventions, active recruiting in the early COVID-19 months proved to be a successful strategy, yielding more responses from talented candidates and greater likelihood of hiring from those interactions. And even though the maturing firms seemed to have a recruiting advantage in some respects during the pandemic, we also saw that contrarian young firms enjoyed greater recruitment success than before. In turn, companies of all ages can consider carefully whether a “retrenchment” by competitors during turbulent times can yield an opportunity to go the opposite direction—at least, in the labor market.

## Explore the Research

[A cloud's silver lining? The impact of policy interventions on new and maturing technology ventures' recruitment online](https://onlinelibrary.wiley.com/doi/abs/10.1002/sej.1454) (https://onlinelibrary.wiley.com/doi/abs/10.1002/sej.1454) , David S. Lucas, Cristiano Bellavitis, U. David Park, Strategic Entrepreneurship Journal, January 2023.

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