

Who benefits from better Internet connectivity? Evidence from the labor market in South Africa

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Abstract

I study how job outcomes and search channels used in the labor market respond to the expansion of Internet availability. I use a two-way fixed effects identification strategy with continuous treatment at district level, and find that Internet availability has a positive impact on average employment and total income. After Internet access improves in their areas, jobseekers are more inclined to check for job information online, while their reliance on personal networks does not change much. Workers without a primary education are discouraged from searching online, less likely to be employed, and earn less. Young workers search through more methods and increasingly rely on personal networks, but are paid less than the experienced. Constraints on effective uses of Internet job search, and other Internet activities such as social networking could help explain the results.

Keywords: Unemployment, Job Search, Internet, Social Networks

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