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To whom it may concern:

It is with great pleasure that I write this letter in support of Jamie McCasland's application. I have known Jamie for about five years. I am a member of her committee, and together with Professors Ted Miguel and David Card, I have been advising her on her Ph.D dissertation. We have had numerous interactions and extensive conversations about her various projects. Thus, I feel qualified to comment on her work and abilities.

Jamie is the top development student coming out of Berkeley this year. She is an outstanding applied economist, who possesses all of the traits to someday become a leader in the profession. She is intelligent, well-trained, and as her job market paper will demonstrate, an extremely creative and entrepreneurial researcher. As I will discuss below, Jamie has written an important job market paper that has the potential to be published in a top five economics journal. For these reasons, I feel comfortable recommending her to any department, especially those interested in hiring in development economics.

Jamie's research interests lie at the intersection of Development and Labor Economics. Her job market paper studies the impact of a randomized national apprenticeship program that matched unemployed youth to small firms in Ghana. This government program, whose evaluation Jamie helped to design, recruited firms to hire and train unemployed youth, who had been prescreened by the government. As part of the evaluation, Jamie was able to randomize the matching process, which allowed her to develop a research design that is quite innovative and unique.

The matching process worked as follows. Apprentices were asked to submit a list of firms for which they wanted to work for. The apprentice was then randomly allocated to one of the firms on his or her list. For example, if an apprentice listed 3 firms, each one of these firms would have 1/3 chance of receiving that apprentice. By summing across the preferences of all the apprentices, we can then determine the probability that a firm is assigned a given number of apprentices. These probabilities are of course endogenously determined. But once we condition on them, the number of apprentices that a firm actually receives is random.

The research design is not the only impressive feature of this evaluation. Jamie put a tremendous amount of thought and effort into collecting an incredibly rich dataset of both the employees and the firms. These data include several individual traits, such as cognitive and non-cognitive abilities, that are thought to determine productivity, but are not often observed by either the econometrician or in some instances the employer. She also gathered detailed firm level data that allows her to measure such things as managerial practices, and of course revenues and profits.

The paper has three key findings. First, the program worked: firm size increased by 0.5 workers among treated firms. While at some level this finding isn't too surprising, the fact that treated firms did not use these apprentices to substitute existing workers or that control firms did not hire new apprentices independently of the program does suggest some form of labor market friction. But perhaps even more intriguing, Jamie finds that these additional labor inputs did increase firm revenue and profits by 10 percent over a 4 month period, and that these effects were more pronounced among smaller firms, as measured at baseline.

The third main finding of this paper exploits the fact that the type of worker a firm received was also exogenous. Hence Jamie is able to examine how the treatment effects vary based on the type of worker the firm received. She finds that the effects of workers on profits are driven by workers who are above the median in terms of their cognitive ability (as measured by the digit span test). This is an interesting finding when combined with the fact that she does not observe a differential effect based on whether the worker completed Junior Secondary School – a metric that employers commonly use to screen workers. Together these findings highlight the importance of adverse selection for inexperience workers on firm performance.

Overall, I believe this paper will make an important contribution to the literature. There is an ever growing literature on trying to understand the barriers to firm growth, especially in the developing world. Much of the empirical literature has focus on credit constraints, labor market regulations, and managerial practices. Few if any studies have been able to shed insights into the importance of search and screening costs for firm growth and productivity, which is why I think this study is so exciting!

This paper alone justifies a strong recommendation. But it also worth noting that this paper is just one of the many promising papers that will be written out of this project and using these data. For example, the impact of the program on firm performance is just one side of the puzzle: The program will presumably have an effect on the apprentices, as well. With the randomized matching, Jamie will be able examine how the characteristics of the firm affect future worker productivity. This study is underway and she has already secured funding for follow-up work.

Finally and on a personal note, Jamie is an extremely likeable person, and very interesting to talk to. She was enjoyable to have both in the classroom and in seminars. I am confident that you will find her to be a valuable colleague.

In sum, Jamie has a robust and coherent research agenda that will undoubtedly shape the profession. I give Jamie McCasland my strongest recommendation.

If you have further questions, please do not hesitate to contact me.

Sincerely,

Frederico Finan