Irisa Zhou

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Research interests

Macroeconomics, Labor Economics
with a particular focus on impacts of frictions on the labor market

Education

University of Toronto 2026 (Expected)
Ph.D. in Economics
Committee: Gueorgui Kambourov (Co-supervisor), Ronald Wolthoff (Co-supervisor), Sebastian Dyrda

University of Toronto 2020
M.A in Economics

McGill University 2019
B.A. in Honours Economics & Mathematics Major

Working Papers

Learning the Major-Industry Mismatch *(Job Market Paper)*
Awards: Chinese Economists Society 2025 North American Meeting Gregory Chow Rising Star Award, Runner Up
Presentations: CEA 2025 (@Montreal), CES NA 2025 (@Ann Arbor), Macro Seminar (@UofT)

Searching with Non-binding Asking Prices
Presentations: CEA 2024 (@Toronto), Macro Brownbag Seminar (@UofT), Urban BrownBag Seminar (@UofT)

AI and Returns to Experience in Entrepreneurship, with Ziqing Yan
Awards: NSERC CREATE program for Accelerated Discovery
Presentations: Morning BrownBag Seminar (@Yale)

Work in progress

Safety Net or Trap: Informal Sector Employment over the Business Cycle, with Yanran Guo

Awards and Grants

Productivity Partnership Travel Grant	2025
The Chinese Economist Society Travel Grant	2025
Runner Up for Gregory Chow Rising Star Award	2025
University of Toronto Doctoral Fellowship	2020–2025
Ontario Graduate Scholarship	2020, 2022, 2023
Faculty of Arts and Sciences Graduate Admission Award	2019

Professional

Research Assistant

Sebastian Dyrda, University of Toronto 2023-2024

Lu Han, Wisconsin School of Business 2022-2023

Julieta Caunedo, Rotman School of Management, University of Toronto 2021-2022

Teaching Assistant

Undergraduate Intermediate Microeconomics and Macroeconomics 2024-2025

Undergraduate Advanced Field Courses: Monetary Policy, International Trade, Financial Economics 2021-2024

Skills

Programming

Python, Matlab, Stata, ArcGIS, R, LaTeX

Natural Language Processing via LLMs (e.g. ChatGPT / OpenAI), Cloud Computing

Languages

English (native), Mandarin (native), Cantonese (fluent), French (conversational)

Academic Service

Co-President, Graduate Economics Union 2022–2023

References

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Abstracts

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1. **Learning the Major-Industry Mismatch** (Job Market Paper)

   How do information frictions distort the allocation between individuals and industries? Using confidential Canadian administrative data linking education and employment histories, I find that information frictions regarding individual industry skills generate persistent mismatch. I establish three key facts. Firstly, mismatched individuals switch industries more. Secondly, skill uncertainty is partially resolved with tenure. Thirdly, using a Difference-in-Differences design that leverages LinkedIn's market entry, I confirm that information improves labor market outcomes. To quantify the welfare cost, I develop and calibrate a life-cycle directed search model with Bayesian learning. Multidimensional skill workers choose majors and industries, and climb the job ladder within an industry. Imperfect information steers graduates to suboptimal majors, industries, and job rungs. Unresolved uncertainty about outside options, combined with search frictions, makes mismatch persistent. Average output per employed worker under perfect information 25% higher at entry, conditional on baseline major choices. This difference narrows to 12% after 30 years of on-the-job learning. A counterfactual that shuts down this learning reveals a reallocation towards majors with lower uncertainty, especially for high-ability individuals.

2. **Searching with Non-binding Asking Prices**

   This paper develops an equilibrium theory of matching between buyers and sellers in the real estate market with a non-binding asking price. Sellers set non-binding asking prices strategically to direct the optimal pool of prospective buyers who vary in financial abilities. I show analytically that sellers optimally post lower asking prices when the targeted market is more competitive to create bidding wars. The model-predicted sale-over-asking ratio is consistent with the empirically observed evidence from the Toronto real estate market. Furthermore, the model reveals that loosening buyers' financial constraints results in the entire surplus being captured by sellers but a reduction in probability of bidding wars.

3. **AI and Returns to Experience in Entrepreneurship**, with Ziqing Yan

   This paper studies how advances in Artificial Intelligence (AI) have altered the value of skills accumulated through different types of work experience in entrepreneurship. Using employment histories from public LinkedIn profiles (2007-2019), we exploit industry-level variation in AI exposure following the diffusion of neural networks and ImageNet after 2012. We find that among U.S. LinkedIn users, the share of founders and researchers both increased, but entry gains were concentrated among more-experienced workers, especially those with research backgrounds. To understand the mechanism behind AI's impact on the labor market, we develop a directed search model with occupational choice, multi-dimensional skills, and stochastic human capital investment. The model shows that

AI shocks increase the productivity premium for researchers, shifting entrepreneurship toward more experienced individuals with research expertise.

4. **Safety Net or Trap: Informal Sector Employment over the Business Cycle**, with Yanran Guo

   The informal sector is often viewed as a buffer during economic downturns, absorbing workers displaced from the formal sector and mitigating unemployment spikes. Using panel data from Continuous National Household Sample Survey (PNADC) between 2012 to 2018, we examine the short- and long-term consequences of informal employment in Brazil across the business cycle and establish several new empirical facts. We observe that the informal sector expands during recessions, consistent with the literature, indicating that the informal sector acts as a buffer for workers. Our new finding is that a brief spell in the informal sector, lasting at most one quarter, increased the probability of formal re-entry relative to unemployment. However, prolonged informal employment sharply reduced re-entry probabilities into the formal sector, with this scarring effect persisting after controlling for individual characteristics.

   To interpret these patterns, we develop a directed search model with human capital depreciation, where depreciation depends on employment type and spell length. The framework captures the observed dual role of the informal sector as both a short-term safety net and a long-term trap. When designing labor market policies, our findings show that "when" to act is as important as "what" to do. Preserving the short-term benefits of the informal sector requires timing as well as targeting, a dimension the literature has largely overlooked.