LLMs make job applications easier, but matching harder

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Writing and professional communication has become much easier with the widespread availability of Large Language Models. Job seekers can create cover letters and CVs with ease, while firms can quickly process these. How is this recent development affecting the quality of matches between job seekers and firms?

Summary

- Access to LLMs allows job seekers to produce cover letters and CVs that are more polished but less unique.
- AI-assistants incorporated in the recruitment process reduce processing time and are better able to structure interviews.
- If job seekers and firms use LLMs, the generated noise may lead to inefficient matching and welfare losses.

Large Language Models (LLMs) such as ChatGPT, Gemini, and Claude are rapidly changing how workers look for jobs and how firms recruit. Labour matching is difficult because firms do not directly observe a candidate's productivity, motivation, or fit (Spence, 1973). LLMs can reduce these frictions in the labor market: they lower the cost of writing applications, find information, and prepare for interviews. As such, it can help ensure that the right workers end up in the right jobs. But there is also a less optimistic possibility. If these tools make job applications more polished, more standardized, and easier to produce at scale, they may weaken the very signals firms use to identify the right candidates. Firms rely on imperfect signals such as CVs, cover letters, tests, and interviews. When LLMs are used in the job search process, they help jobseekers improve those signals, but in doing so they can also change what those signals mean.

Because LLM usage helps people find and apply for jobs, but also helps firms find better matches, the two developments interact. This will substantially change how job seekers and firms match in the labour market. Currently firms in the Netherlands still overwhelmingly rely on CVs (94%) and cover letters (80%) when screening job seekers

(Redement, 2024). However, the widespread adoption of LLMs may incite firms to require more indication that candidates made an effort to signal their interests. Cover letters will not disappear overnight, but their role may be changing. Additionally, firms are already responding by introducing AI on their side as well. In a survey of 1,005 hiring managers in the United States, 99 percent reported using AI, whether generative or non-generative, in at least some part of the hiring process (InsightGlobal, 2025). The evidence on the consequences is still limited, but it points to an important shift in recruitment practices.

In this article we therefore ask if the adoption of LLMs make it easier for firms and workers to find a better match, or if they simply introduce more noise in the application process and hence worsen matches?

How jobseekers use LLMs

Jobseekers most commonly use LLMs to prepare application materials, especially CVs and cover letters. This is unsurprising. Writing a tailored application takes time, and LLMs are well suited to edit text, adjust tone, and generate drafts. LLM-generated application materials are already widespread, with more than half of jobseekers reporting that they use these tools in the application process (Criddle and Strauss, 2024).

At first glance, this should improve labor market outcomes. If workers can write better applications more quickly, firms should in principle receive clearer information, and promising candidates who are weaker writers should no longer be penalized for that alone. This is the optimistic view, and it is not entirely wrong. In our own study (Abbas Nejad et al., 2026), giving jobseekers access to ChatGPT improved the average quality of cover letters as rated by recruiters from Philips, PwC, VodafoneZiggo, and Rabobank.

However, the improvements did not translate into a higher probability of being invited for an interview. ChatGPT mainly improved relatively standardized parts of the letter, such as the introduction and conclusion. On the dimensions that mattered most for recruiters, especially job seeker's motivation, we did not find a meaningful effect. Even when jobseekers explicitly asked ChatGPT to strengthen their motivation statements, we found that the resulting letters did not become more convincing on that dimension. Text analysis further indicates that ChatGPT-assisted letters became less readable on average because they used longer and more complex words.

In addition, a more polished cover letter is not necessarily a more useful signal. Our study suggests that LLMs improve some aspects of the cover letter while leaving the most informative aspects largely unchanged, rather than simply making applications better in a way that helps firms select the right workers. That distinction matters. In practice, LLMs appear to reduce differences in the application materials submitted by low- versus high-quality job applicants. Evidence from a freelancing platform shows that generative AI

makes cover letters more similar to job descriptions, but also that this similarity becomes less informative for hiring once these tools become widespread (Cui et al., 2025; Galdin and Silbert, 2025). LLMs make it easier for weaker candidates to produce polished and tailored applications, while making it harder for recruiters to distinguish the strongest candidates from the rest.

How firms respond

For firms, this creates a new recruitment problem. Recruiters have long relied on CVs and cover letters to screen applicants at relatively low cost. When many candidates use LLMs, differences in those materials become smaller, and their informational value declines. At the same time, LLMs reduce the time needed to apply, which can increase the number of applications firms receive. These two developments reinforce each other: firms face more applications, and those applications become harder to differentiate.

The use of AI can make the evaluation of job applications and interviews more structured and hence consistent. Awuah et al. (2025), for example, study LLM-based screening in an NGO's teacher recruitment process in rural Ghana. Applications screened by the LLM were more likely to receive and accept a job offer than applications screened only by humans, suggesting that AI-led screening may identify candidates that human screeners overlook. Jabarian and Henkel (2025) compare human-led with AI voice-agent-led interviews, while keeping final hiring decisions in the hands of human recruiters. Among more than 70,000 applicants, candidates interviewed by an AI agent were more likely to receive a job offer and to start working at the firm.

These studies show that AI can improve parts of the recruitment process for firms. But they do not overcome the broader concern. If jobseekers use LLMs to produce applications that look increasingly similar, firms are pushed to shift more weight to later stages of the recruitment process, including interviews, tests, and AI-assisted screening. In other words, LLMs may reduce frictions in writing applications while increasing frictions in evaluating them.

What this means for matching

The increased adoption of LLMs by both job seekers and recruiters point to a broader change in how labor markets function. The problem is not simply that LLMs change how job seekers write their application materials. The real challenge is that it changes the informational content of the application process. Cover letters and CVs have value because they help firms infer something about the job applicant behind them. If LLMs make those documents more polished but less revealing of the job applicant’s characteristics, then the matching process becomes less efficient.

Our own paper quantifies this mechanism (Abbas Nejad et al., 2026). In a calibrated assignment model, firms observe noisier signals about applicants' abilities and therefore make worse hiring decisions on average. We estimate that LLM use by jobseekers can reduce aggregate welfare in matching by around one percent. A one-percent decline in match quality may sound modest, but at the market level it reflects a meaningful efficiency loss. It means that the total value created by matching workers to firms declines because fewer workers end up at the firms where they are most productive.

The potential welfare loss can amplify when LLMs are used on both sides of the market. If jobseekers rely on LLMs to generate application materials and firms rely on LLMs to evaluate them, then recruitment process risks becoming one in which AI increasingly talks to AI. That need not be disastrous, but it does create a danger that human qualities which are hard to standardize or hard to express in generic prompts become less visible in early-stage screening. In Abbas Nejad et al. (2026), we also have ChatGPT evaluate the cover letters written by jobseekers with and without access to LLMs. ChatGPT as a recruiter consistently rates cover letters written with LLMs more positively, and is more likely to invite these jobseekers to a job interview. Hence the use of LLMs as screening tools could already induce a bias in favour of jobseekers that used LLMs. This is exactly the kind of friction that markets do not automatically solve on their own.

Secondly, LLM use among job seekers and recruiters raises concerns about unequal access: if the most advanced LLM models require paid subscriptions, then some applicants will be better positioned than others to produce the kind of polished materials that automated screening systems reward.

Implications for policymakers and firms

For an individual applicant, using ChatGPT may be a perfectly rational response to a world in which many others are doing the same. But if everyone uses the same tools, the collective result can be worse information for firms and weaker matching overall. Furthermore, there is also a distributional concern surrounding LLM adoption: young adults and men are currently among the fastest adopters (Carvajal et al., 2024; Bick et al., 2026), and frontier models often require paid subscriptions. If recruitment increasingly rewards the ability to use these tools effectively, unequal access to AI may translate into unequal access to jobs. However, policymakers and firms can adopt strategies to alleviate these concerns. The aim should be that recruitment remains open, meritocratic, and informative, without slowing down technological progress.

For policymakers, one promising policy that has been discussed by the European Union is LLM disclosure mandates: job seekers and firms must report whether and how LLMs were used. Among the recruiters in our study, close to 50% were in favor of such disclosure

policies (Abbas Nejad et al., 2026). We furthermore show that when recruiters are informed that certain cover letters were written with LLMs, the recruiters further reward cover letters written without LLMs. This suggests recruiters still prefer human-written job applications, but cannot distinguish them from LLM-written applications unless LLM use is transparently communicated. LLM disclosure mandates thus are a promising policy that can alleviate some of the abovementioned concerns of LLM use among job seekers.

Firms can also take steps to adjust to the new situation where LLMs have become a pervasive tool for labour matching. Firstly, they can use AI detection software (such as Pangram.ai) to differentiate human from AI-generated content. Secondly, they can place less weight on polished prose and more weight on "AI-proof" assessments that reveal the job seeker's motivation, judgment, skills more directly. Structured interviews can also become more important, especially if LLMs are used to make those interviews cheaper as well as more consistent and informative. This way, LLMs can help inform human judgement by reducing information asymmetries, rather than to replace human judgment altogether.

Firms should also be cautious about fully delegating hiring decisions to LLMs. Using AI to support recruiters can help process information, structure interviews, and reduce some forms of noise. However, allowing LLMs to autonomously act as a recruiter and hence make selection and hiring decisions risks reinforcing exactly the informational distortions that LLMs introduce, making the recruitment process less "human". For example, in our study ChatGPT evaluated LLM-written cover letters much more positively than human recruiters did (Abbas Nejad et al., 2026). But if LLMs instead support human recruiters, they can help overcome the recruiter's blind spots and lead to the hiring of better job applicants (Awuah et al., 2025; Jabarian and Henkel, 2025).

LLMs are a technology that reshapes the signals on which labor market matching depends. They can lower search and writing costs, and they may improve parts of recruitment. But they can also weaken the informational value of applications and make it harder for firms and workers to find the right match. That is the central challenge for firms and policymakers alike: to capture the benefits of AI without allowing the hiring process to become less informative, less fair, and ultimately less effective.

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