Title: Social Networks and Labor Markets

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Abstract:

Social networks are essential to the labor market because, researchers have shown the majority of jobs are found through a social contact. Helping a friend is costly, so stronger ties may intuitively be more helpful. However, weaker ties may bridge structural holes and provide novel information. Granovetter (1973) found most jobs were obtained through a weak tie. Using data from a partnership with Facebook we decompose this result into two different hypotheses. Our first hypothesis analyzes only friendships between an individual and the specific friend who helped, and like Granovetter we find that over 90% of jobs come from a weak tie. However, the distribution of tie strength in the population is also highly skewed toward weak ties, so the strength of weak ties is highly mechanical. The second hypothesis uses data for the individual's full social network. We address issues of reflection and endogenous tie strength through the timing of events, inclusion of an individual fixed effect, and a myriad of dyad-level control variables. We find that increases in tie strength are associated with increases in the probability of job transmission. Most jobs are transmitted from a weak tie because they are prolific. However, when a strong tie exists that tie is associated with a higher probability of transmitting an individual a job.