

Social Networks and Labor Market Outcomes: Social Ties in Hiring Effectiveness and Long term Job Satisfaction

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1. Aim

Social networks predict a variety of immediate outcomes in the hiring process (M. Granovetter, 1983; Lin, Vaughn, & Ensel, 1981a; Seibert, Kraimer, & Liden, 2001). Since Granovetter's (1973; 1983) influential studies, a key proposition of Social Resources Theory has become that weak ties outperform strong ties in the mobilization of social resources (Lin, Vaughn, & Ensel, 1981b; Lin & Dumin, 1986; Lin, 1999); weak ties, more than strong ties, provide individuals with non-redundant information such as the availability of job opportunities. Whether the advantage of weak ties over strong ties holds for long term labor market outcomes such as job satisfaction has been less thoroughly investigated. This research aims to fill this gap by (jointly) investigating the effect of tie strength on a variety of short and long term labor market outcomes. We propose and test an alternative theory that (1) acknowledges the initial informational advantage provided by weak ties, while (2) deemphasizing the role of weak ties on long term labor market outcomes. Core in this theory is the proposition that although weak ties provide a larger volume of non-redundant information, strong ties provide more qualitatively rich information; in the hiring process, we argue, strong ties rather than weak ties provide high quality information on the working environments, company cultures, and the tacit knowledge and skills to perform the job. We thus hypothesize that strong ties facilitate a better long term person-job match, improving long term job satisfaction.

2. Data & Methods

Data. A multi stage stratified probability from China's eight largest cities in 2009 was used. The original sample consisted of 7102 adults aged 18 to 69; extensive job history and post-hire outcomes were collected; moreover, detailed questions about the use of social networks were collected. After for accounting for missing values on key variables, a remaining valid sample of 5004 respondents were used in the analyses.

Dependent variables. Short term labor market outcomes were captured by two indicators of hiring effectiveness: the duration of the hiring process—measured as the months between the start of the job-search process and starting the job, and the availability of alternatives in the search process—measured by a dichotomous item indicating whether the prospective employee had other candidate jobs available. Long term job satisfaction was captured by a composite dichotomous measure that indicated whether the respondent's initial self-reported job satisfaction was higher than the current job satisfaction. Thus, this measure in effect reflects long term job *dissatisfaction*.

Network predictors. An extensive set of survey items probed the usage of social networks in the hiring process. The number of contacts used in the search process is used as a straightforward proxy of network size. The use of strong and weak ties was measured by averaging a set of dichotomous survey items indicating the relation of the contacts that helped the individual in the hiring process. Kin, family and close friends were counted as strong ties; acquaintances and other more distant contacts were counted as weak ties.

Control variables. Acknowledging that other forms of capital (i.e. human or cultural) influence labor market outcomes, the effect of social networks was investigated controlling for a number of demographic, familial background, as well as regional characteristics.