

Do Social Networks Support Meritocratic Selection?

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1. Aim

What is good for the individual, need not be good for all. It is well known that social networks can provide individual benefits (i.e.: Granovetter, 1983; Lin & Dumin, 1986; Lin, 1999; Burt, 2005), but do social networks also promote beneficial collective outcomes? This study investigates the effects of networks at the collective level, specifically its role in creating Do mobilized social networks support or undermine meritocratic procedures in the hiring process? Meritocracy exists when hiring decisions are based on achievements, rather than ascription: “what you can or know” should outweigh “who you are” or “who you know”. Employers face the challenge of assessing the qualities of applicants. Transaction cost theory (i.e.: Williamson, 1979) learns that employers want to maximize the quality of information on job-candidates, and minimize screening costs. For efficiency, the hiring process generally involves an extensive search phase, in which plausible candidates are recruited and screened via criteria that can be assessed at low costs, and an *intensive selection phase*, where a smaller number of candidates are subjected to more thorough screening procedures (Marsden, 1994).

2. Data & Methods

Data

Hypotheses were tested against the 2009 Job-Net Survey. This survey comprises a multi-stage stratified probability sample of 7,102 adults, aged 18 to 69, from China’s eight of largest cities. Extensive information about the respondents’ job histories and post-hire outcomes were captured, as well as network usage in the hiring process.

Dependent variable

In this paper, we restrict the sample to those who had full-time non-agricultural first jobs. After excluding cases with missing data on key variables, the resulting sample consisted of 5,004 respondents. Hypotheses were tested using Binary Logistic Regression analyses.

3. Results

Our analyses show that (1) job seekers are more likely to mobilize social networks to get very competitive jobs for which the worker was actually under-qualified, and (2) there is a significant interaction between competitiveness of the desired job and network-usage on meritocratic procedures (paper-based test or interview) used. These results reveal that the negative effect of social networks on meritocratic procedures increases with the competitiveness of the job search process.

4. Conclusion

In this paper, first, we investigate what factors predict social network usage by prospective employees in the extensive search phase of the recruitment process. Second, we investigate whether network usage in the recruitment phase predicts the usage of formal screening methods in the intensive selection phase. To derive at specific hypotheses, we make two non-problematic assumptions on the preferences of the actors involved in the hiring process: (1) employers are assumed to prefer an efficient hiring process, minimizing the costs of intensive selection procedures, while maximizing the quality of information gained via this procedure; (2) job-candidates are assumed to prefer jobs with maximum expected returns in terms of monetary payoffs, long-term job security, and job-satisfaction. Results suggest that individuals use their social networks to circumvent formal procedures.