

Colloque sur les politiques actives du marché du travail
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Are Social Networks an Effective Job Search Channel?

Preliminary results

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Introduction

- Main question
 - « Are Social Networks an Effective Job Search Channel? »
- Important
 - Chances of leaving unemployment decrease over time
 - Informal contacts important for job finding (Granovetter 1974)
 - But... how effective is talking to your contacts?

What we do

- Study job seekers
 - entering unemployment in large region of Switzerland (canton Vaud)
 - February 2012 to April 2012
- Information course
 - Collect extensive information
 - Family and friendship networks
 - Perceived effectiveness of search channels
 - Provide information on role of contacts
 - Quasi-experimental

Main findings

- Overall
 - No effect on unemployment duration
 - No effect on type of exit: to job or unknown
- Differential effects by
 - Gender
 - Women exit to jobs faster, but exit slower not to unknown destination
 - No corresponding effect for men
 - Network
 - Search behavior

Outline

- Background
 - Unemployment insurance
 - Our project
- Data
- Descriptive Evidence
- Main Results
- Preliminary Conclusions

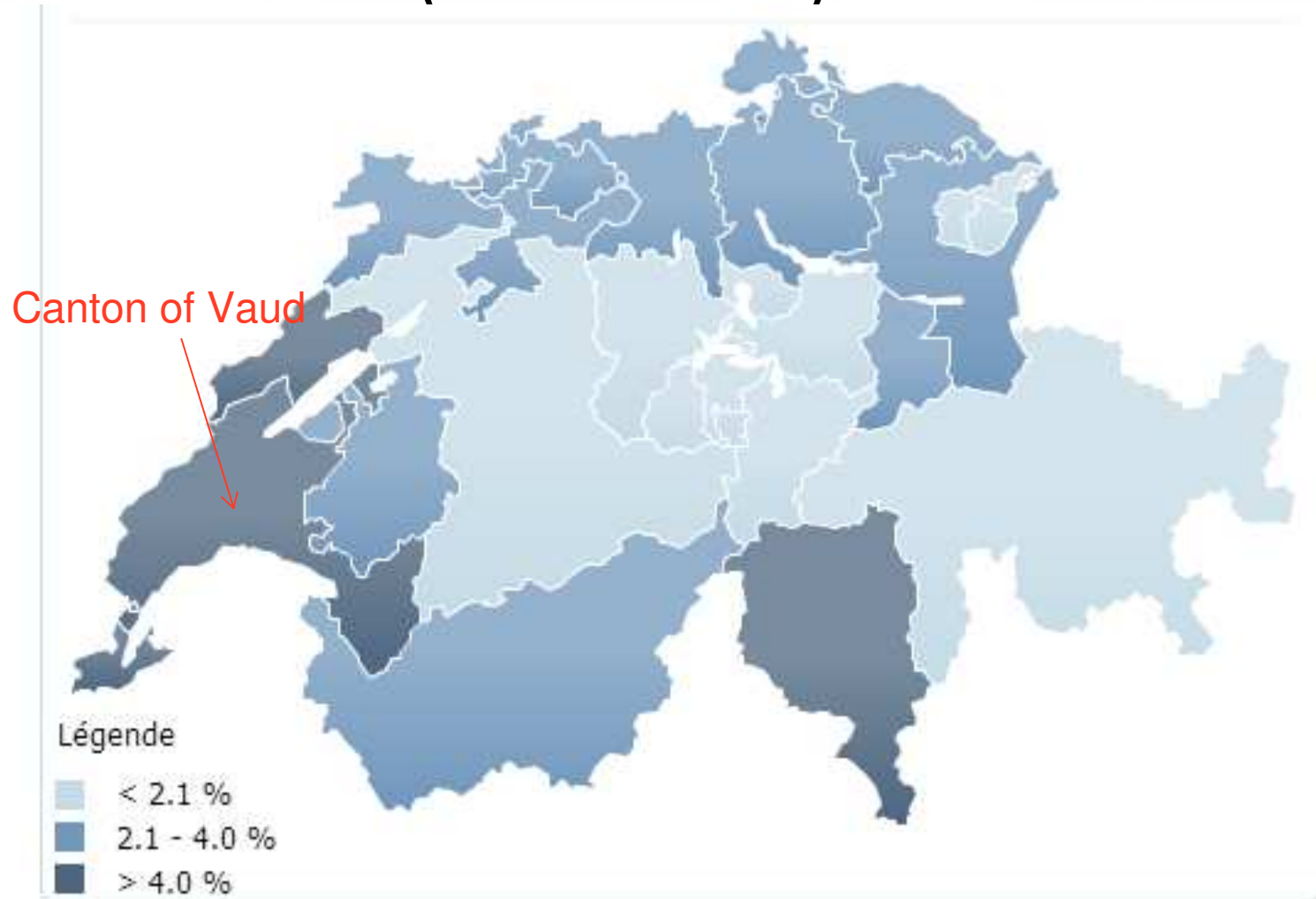
Unemployment insurance

- Income support
 - Benefit duration: 400 work days
 - Benefit level: 70 % or 80 % of insured earnings
 - Social assistance
- Active labor market policy
 - Mandatory information course at start of spell (rights and responsibilities)
 - Other: Job search assistance, etc.

Our project

- Canton of Vaud
- Information course
 - Participants in February to April 2012
 - Baseline survey
 - Information on relevance of informal network
- Follow up
 - De-registrations and exit (currently: November 2012)
 - Exit survey: exit type, job quality

Unemployment rate in Switzerland (March 2012)

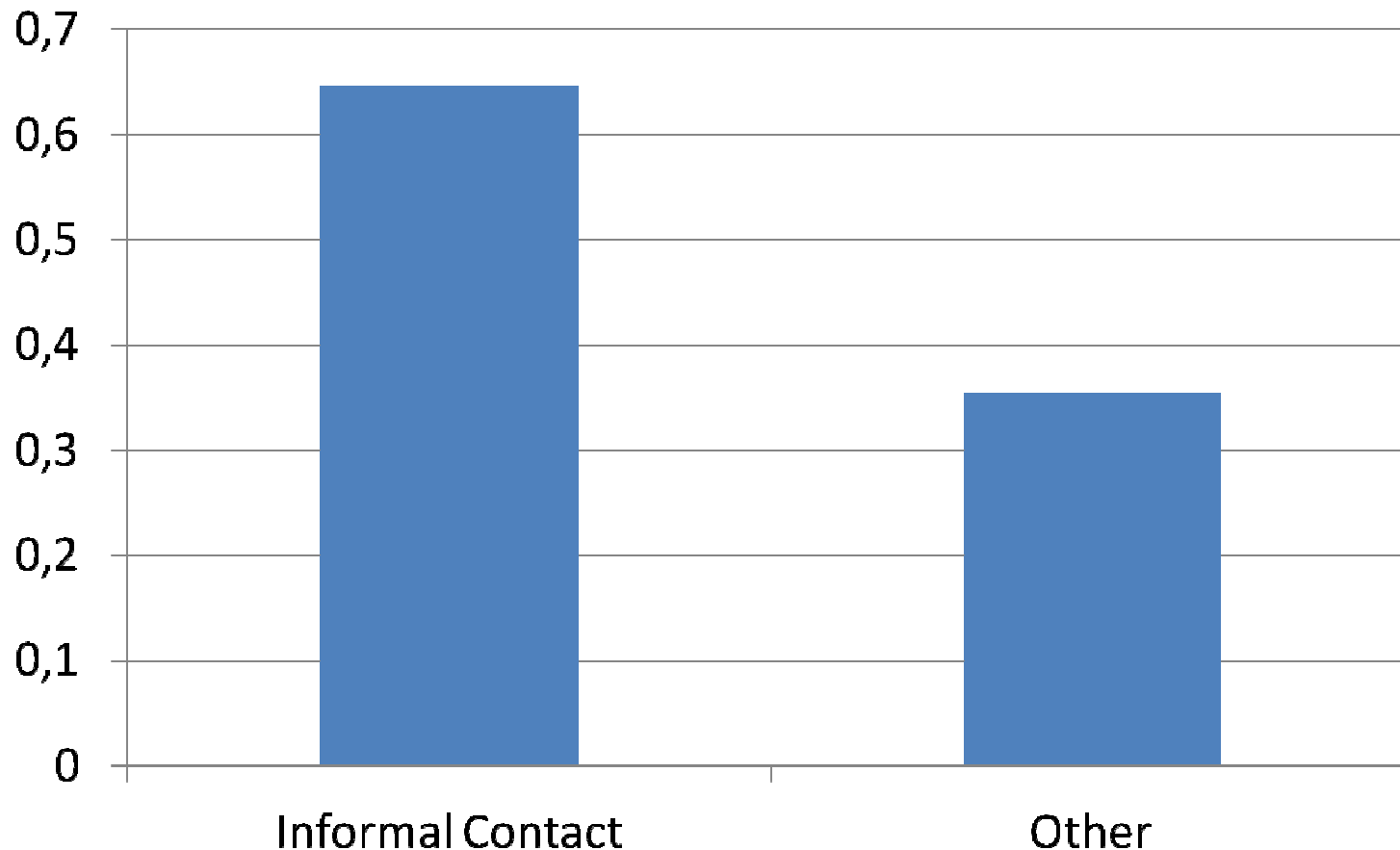


Note: Maps shows Swiss Cantons shaded according to the unemployment rate in March 2012

Information course

- Baseline format (« Control »)
 - Information on job search requirements, benefit payments, job search support
 - 26 slides, 90 minutes
- Modified format (« Treated »)
 - 3 slides on informal contacts and their importance: information and signalling
 - 3 slides on how to activate network
 - List of persons to be contacted
 - 90 + 15 minutes

How did you find your previous job?



Note: Figure shows the proportion of job seekers who found their job via a former colleague or a friend (=informal contact) vs other means (=Other, includes those who did not have a job prior to entering unemployment).

Source: Socnet data, own calculations.

Implementation

- Training of caseworkers
 - January 2012, 3 hours
 - Content of slides
 - Rationale behind them
- Allocation to job seekers
 - Meetings alternate between « Control » and « Treated »
 - Job seekers invited to next meeting with capacity within 11 PES
 - Job seeker does not know format in advance

Why this might work

- Intervention has a low dose
 - One time exposure to information
 - Embedded in official meeting
- Yet job seekers are ...
 - often unaware of the importance of job search networks
 - avoid telling friends about their unemployment because of shame
 - perceive networking as inappropriate

Data

- Response rate
 - 4637 job seekers fill out baseline survey (and can be matched to exit data)
 - 96 % of all attendees
 - 3572 (77 %) allow matching with earlier administrative data
- Sample
 - Meeting within ongoing unemployment spell, participants
 - 4514 observations

Partial non-response

- Partial completion of questionnaire
 - About 40 % of valid responses on items we consider
 - Partial completion unrelated to treatment

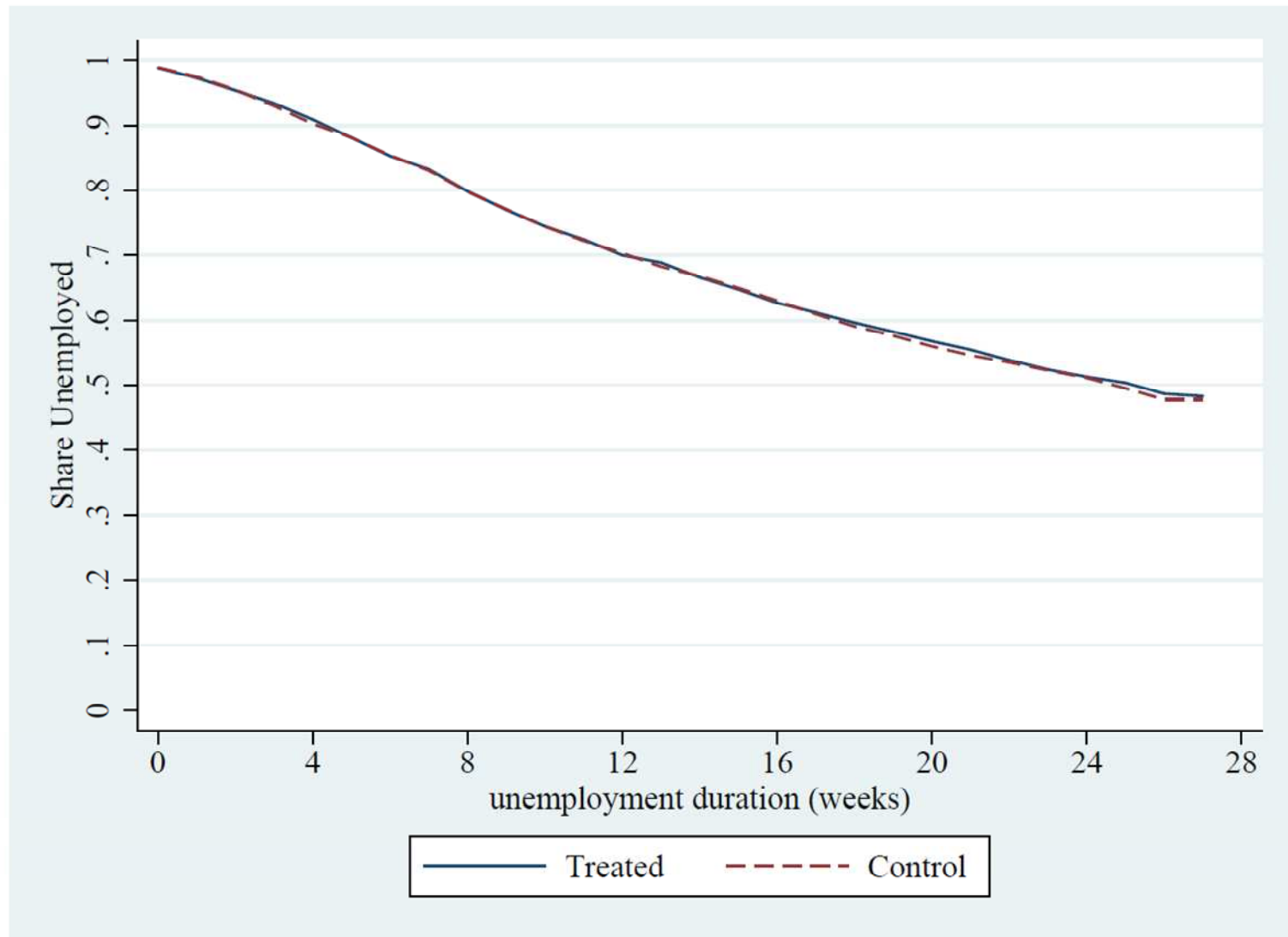
Did random assignment work?

	Treated	Control	Difference	p-Value
<i>A. All job seekers</i>				
Female	0.472	0.481	0.006	0.800
Foreign	0.459	0.448	0.023	0.336
Age (years)	36.207	36.090	0.216	0.701
Duration to course (weeks)	2.338	2.606	-0.326	0.185
Observations	2273	2241		
<i>B. Job seekers with full information</i>				
No one knows I am out of job	0.330	0.320	0.009	0.706
Found job via network	0.650	0.640	0.014	0.541
Colleagues	0.263	0.266	-0.007	0.728
Distant friends	0.229	0.246	-0.017	0.421
Job advertisement in the press	0.412	0.407	0.007	0.763
Job advertisement on the internet	0.592	0.599	-0.010	0.675
Unemployed longer than three months	0.253	0.272	-0.020	0.362
Search for work for two hours or more	0.490	0.452	0.038	0.108
Observations	894	852		

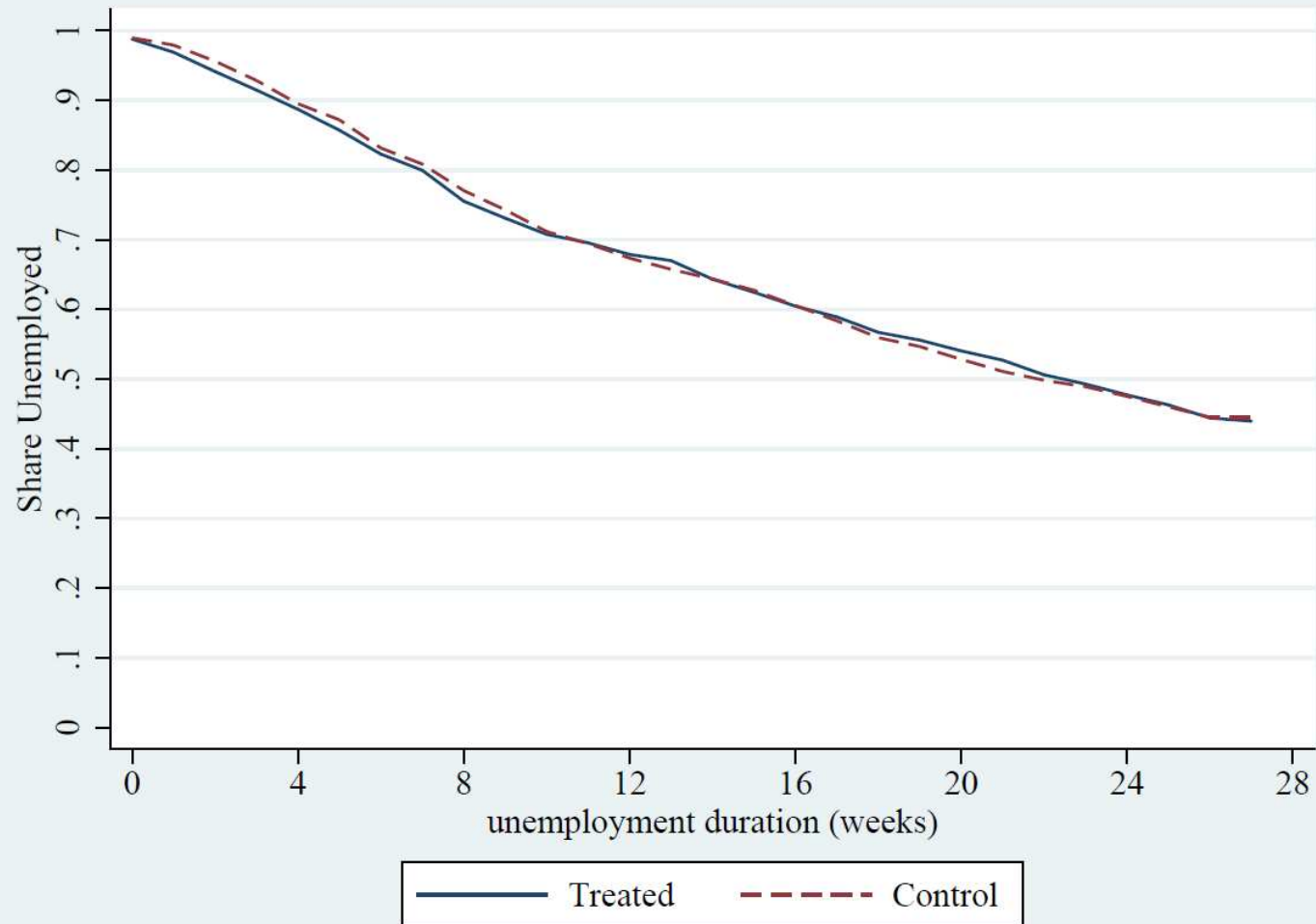
Outcomes

- Unemployment duration
 - Observed from date of meeting until November 15, 2012
 - Censored at 26 weeks since observed for all job seekers
- Exits
 - Exits to job: De-register and leave for job within 26 weeks
 - Other exits: De-register and no information on exit state within 26 weeks

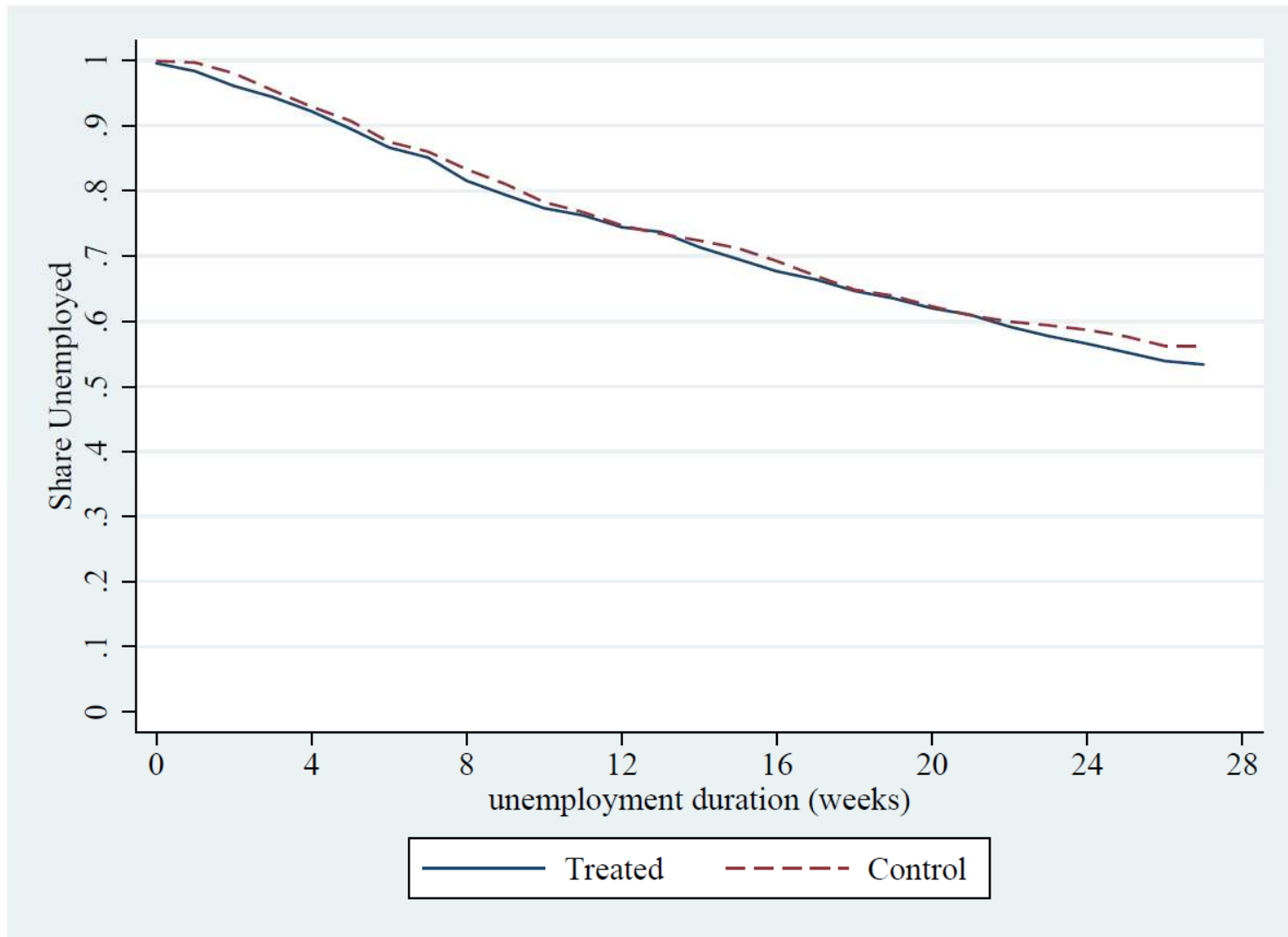
Survival in unemployment (all job seekers)



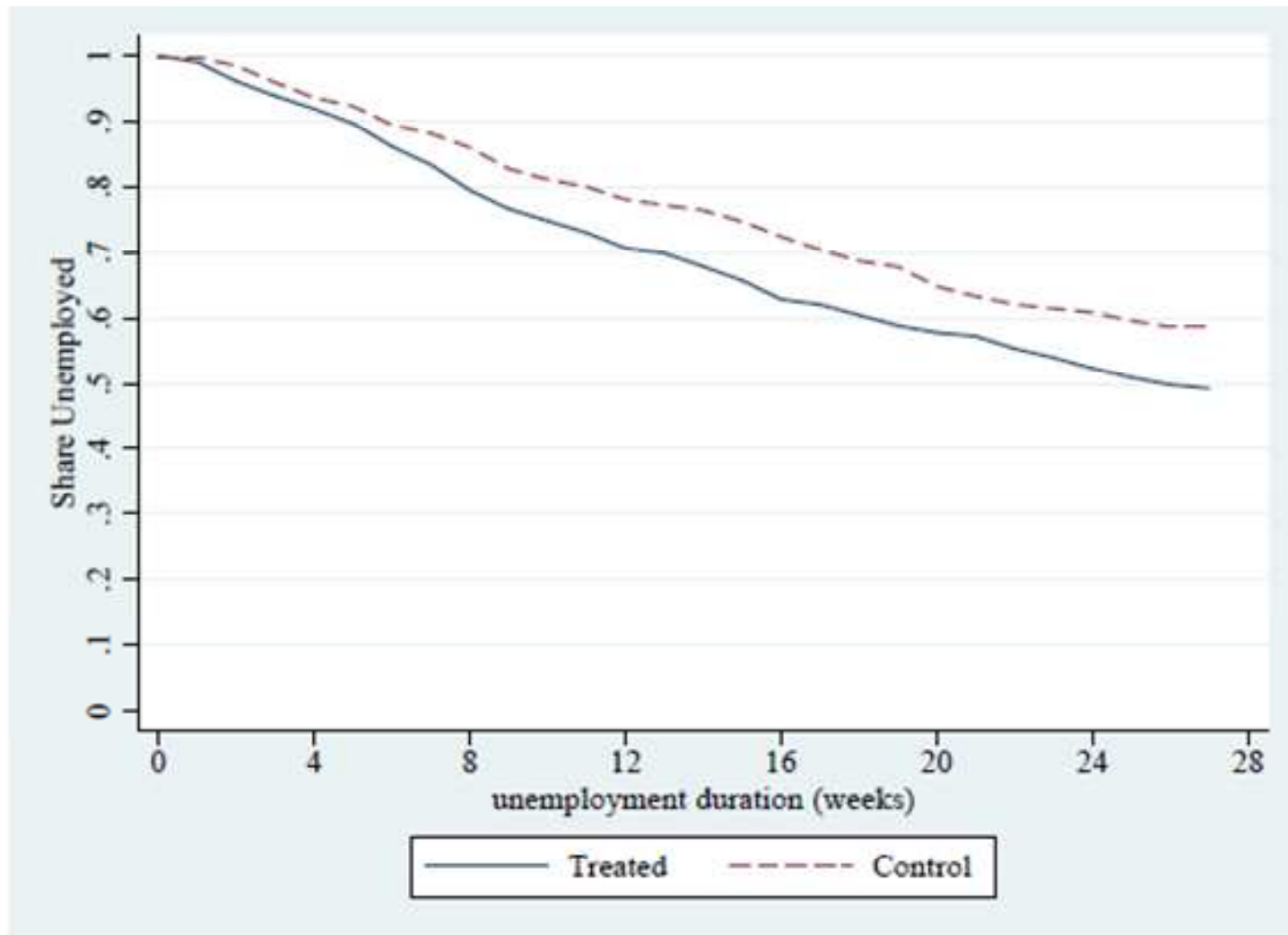
Survival in unemployment (job seekers with full information)



Exits to Job



Exits to Job: Women



Exits to Job: Men

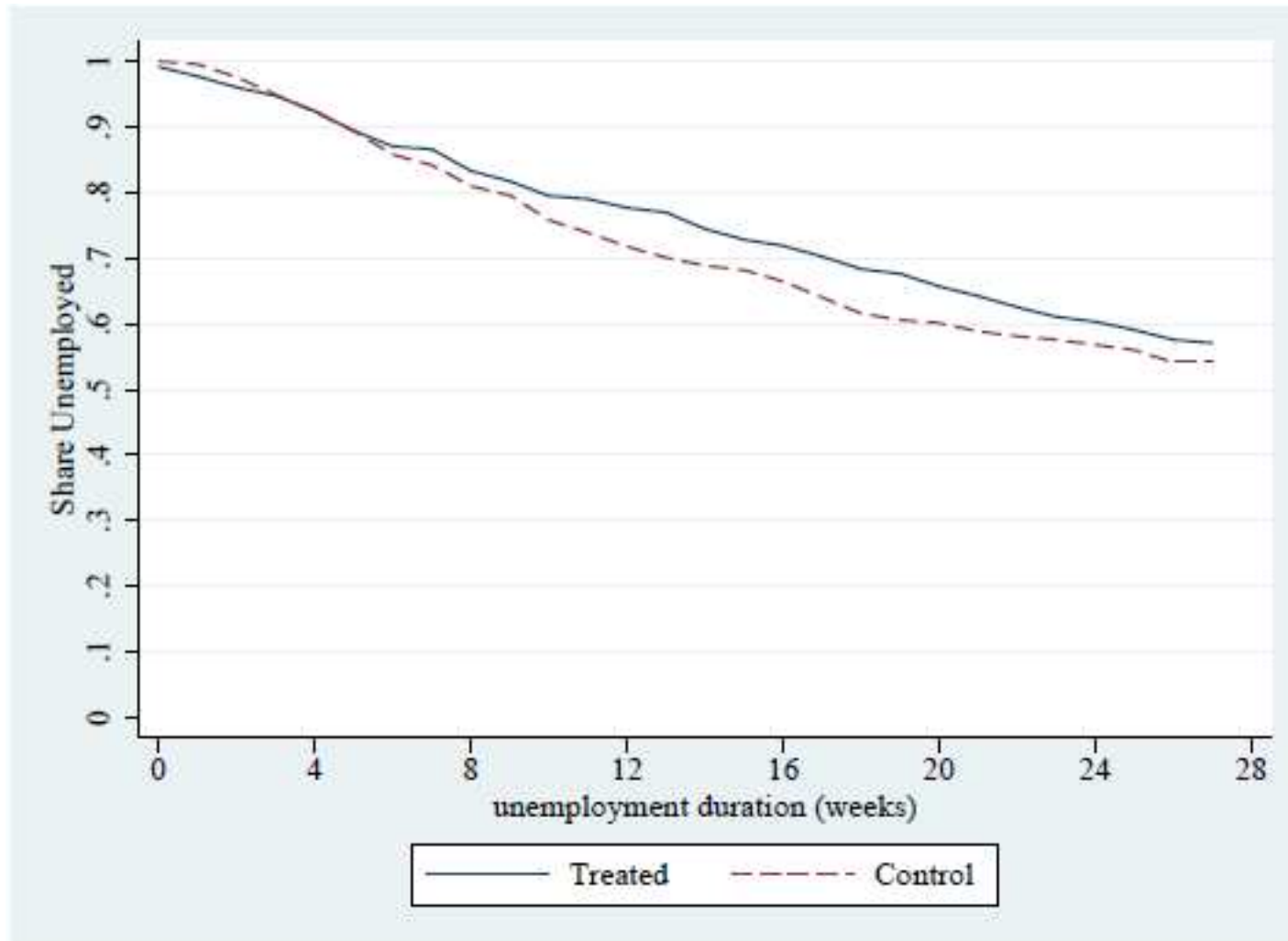


Table 8: Heterogeneous Effects: Employed Within 26 Weeks

	Base	IndInt	NWInt	OtherInt	AllInt
treated	0.021 (0.022)	0.093** (0.042)	0.068 (0.046)	0.032 (0.033)	0.174** (0.070)
Treated X Male		-0.107** (0.049)			-0.114** (0.051)
Treated X Foreign		-0.046 (0.054)			-0.055 (0.054)
Treated X No one knows			-0.029 (0.046)		-0.018 (0.046)
Treated X Found job via network			-0.042 (0.048)		-0.038 (0.049)
Treated X Job ad in press			-0.026 (0.050)		-0.051 (0.051)
Treated X Unemployed ≥ 3 mths				-0.034 (0.051)	-0.047 (0.051)
Treated X Search less than two hours				-0.005 (0.040)	-0.020 (0.039)
R-squared	0.092	0.095	0.092	0.092	0.097
Observations	1746	1746	1746	1746	1746

Table 9: Heterogeneous Effects: Other Exit Within 26 Weeks

	Base	IndInt	NWInt	OtherInt	AllInt
treated	-0.026* (0.016)	-0.045* (0.026)	-0.087*** (0.033)	-0.042* (0.021)	-0.136*** (0.044)
Treated X Male		0.041 (0.030)			0.053* (0.030)
Treated X Foreign		-0.010 (0.035)			0.001 (0.035)
Treated X No one knows			0.000 (0.031)		-0.004 (0.032)
Treated X Found job via network			0.050 (0.035)		0.049 (0.035)
Treated X Job ad in press			0.070** (0.035)		0.078** (0.035)
Treated X Unemployed ≥ 3 mths				-0.007 (0.035)	0.002 (0.034)
Treated X Search less than two hours				0.032 (0.031)	0.035 (0.030)
R-squared	0.076	0.077	0.079	0.077	0.081
Observations	1746	1746	1746	1746	1746

What goes on?

- Pure substitution
 - Treatment increases reporting of jobs by women who were exposed to treatment
- Differential effect
 - Treatment increases chances to find jobs
 - Treatment decreases attractiveness of other exits

Conclusions

- Are social networks an effective search channel?
- Manipulate information on relevance
- Findings
 - No effects on unemployment duration
 - Women: Exits to jobs increase but exits to unknown destination decrease
- Future work
 - Use exit survey or admin data to assess exit destination

A decorative graphic consisting of two overlapping teal gradient bars. One bar is vertical, starting from the top left and extending downwards. The other bar is horizontal, starting from the top left and extending across the top of the slide. They overlap at the top left corner.

Thank you for your attention

Table 7: Heterogeneous Effects: Unemployment Duration

	Base	IndInt	NWInt	OtherInt	AllInt
treated	-0.036 (0.436)	-1.013 (0.779)	0.657 (0.838)	0.303 (0.665)	0.018 (1.257)
Treated X Male		1.386 (0.869)			1.265 (0.897)
Treated X Foreign		0.704 (0.896)			0.539 (0.897)
Treated X No one knows			0.229 (0.829)		0.029 (0.834)
Treated X Found job via network			-0.403 (0.824)		-0.463 (0.830)
Treated X Job ad in press			-1.238 (0.882)		-0.927 (0.907)
Treated X Unemployed ≥ 3 mths				1.026 (0.911)	1.074 (0.900)
Treated X Search less than two hours				-1.148 (0.802)	-0.988 (0.795)
R-squared	0.087	0.089	0.089	0.089	0.092
Observations	1746	1746	1746	1746	1746

Literature

- Sociology
 - Granovetter (1974): Getting a job
 - Marsden and Gorman (2001), Ioannides and Loury (2004): extensive reviews
- Economics
 - Montgomery (1991), AER P&P: signal
 - Calvo-Armengol and Jackson (2004): information
 - Henswik and Skans (2012), Beaman and Magruder (2013)

Control variables

- Individual
 - Gender, nationality, age, education
- Network
 - Past and current use of network
 - Size and quality of networks (neighbors, school friends, co-workers, others)
 - How useful are various job search channels
- Other
 - Club membership, job search, reservation wage, entry status, dislike unemployment

Unemployment Duration (weeks)

	Base	BaseReduced	Individual	Network	Other
treated	0.042	-0.009	-0.075	-0.104	-0.036
	(0.264)	(0.442)	(0.436)	(0.437)	(0.436)
Individual	No	No	Yes	Yes	Yes
Network	No	No	No	Yes	Yes
Other	No	No	No	No	Yes
R-squared	0.000	0.000	0.044	0.060	0.087
Observations	4514	1746	1746	1746	1746

Employed within 26 weeks

	Base	BaseReduced	Individual	Network	Other
treated	0.001 (0.015)	0.024 (0.023)	0.027 (0.023)	0.026 (0.023)	0.021 (0.022)
Individual	No	No	Yes	Yes	Yes
Network	No	No	No	Yes	Yes
Other	No	No	No	No	Yes
R-squared	0.000	0.001	0.031	0.057	0.092
Observations	4514	1746	1746	1746	1746

Effects Might Differ

- Demographics
 - Gender
 - Nationality (Swiss vs Foreign)
- Formal and informal job search
 - Anyone know you are unemployed?
 - Found previous job via contact
 - Effectiveness of formal job search
- Search and expected unemployment duration

Women vs Men

	Women	Men	Difference	p-Value
<i>A. All job seekers</i>				
Foreign	0.417	0.486	-0.069	0.000
Age (years)	36.148	36.149	-0.001	0.998
Duration to course (weeks)	2.430	2.508	-0.078	0.494
Observations	2151	2363		
<i>B. Job seekers with full information</i>				
No one knows I am out of job	0.277	0.368	-0.091	0.000
Found job via network	0.610	0.675	-0.065	0.002
Colleagues	0.272	0.259	0.013	0.553
Distant friends	0.247	0.230	0.017	0.414
Job advertisement in the press	0.499	0.332	0.167	0.000
Job advertisement on the internet	0.670	0.530	0.140	0.000
Unemployed longer than three months	0.285	0.243	0.043	0.034
Search for work for two hours or more	0.433	0.504	-0.071	0.003
Observations	810	936		