



Career choice and the strength of weak ties[☆]



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ABSTRACT

This paper argues that the structure (i.e., size and composition) of the informal search network is a crucial determinant of the career decisions of young workers. Building on the search-theoretic career choice and job mobility model proposed by Neal (1999), I compare the consequences of career advice by one's weak ties versus that by strong ties. The main result is that receiving help from weak ties is associated with early career and job settlements, while the strong ties are more likely to lead to amplified mobility and generate mismatch. Given a network size, I find a strongly positive correlation between the fraction of weak ties among one's informal connections and the likelihood of settling on a stable career path early in the life course. I also find that the sign of this correlation persists, while the magnitude gets smaller as the network size increases. I conclude that the strength-of-weak-ties hypothesis can shed light on the complexity of job mobility patterns among young workers. The model can explain why it takes much longer for blacks—whose informal networks are documented to consist of strong ties—to locate a stable career path than their white counterparts. It also predicts that young workers from closed and segregated neighborhoods tend to spend more time before they find suitable careers.

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1. Introduction

Labor mobility exhibits a complex pattern, particularly among young workers [Parnes (1954)]. Although early papers on labor mobility focus exclusively on firm-level transitions, it is now widely recognized that complex shifts occur both at the firm-level and at the career-level (or task-level).¹ There is an emerging, and empirically grounded, consensus that young workers jointly search for job-career pairs and that the optimal search policy features a two-stage strategy: workers search for a career at the first stage and they start shopping for employers once they found a suitable career path

[Neal (1999)].² This suggests that “career choice” is of primary importance in the job search strategies devised by young workers. The main intuition is that young workers choose to start accumulating specific human capital (i.e., choose a suitable career path) early in the working life, then they select into firms where they are better matched.³

Motivated by the view that “young workers search for a career first,” I investigate how the structure of a young worker's search network affects his career decisions. Young workers have access to two sources of information on the potential career paths available to them; formal sources and informal sources. Formal sources consist of the impersonal channels of career information that are typically available to everyone upon demand—such as the public and private career advice services, school career centers, the internet, firms, etc. Informal sources include one's personal

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¹ Breakthrough papers pointing at this complex shifts include Miller (1984), Shaw (1987), McCall (1990, 1991), and Neal (1999).

² See Pavan (2011) for a recent empirical support on the validity of the two-stage strategy. See also Salop and Salop (1976), Johnson (1978), Mortensen (1978), Altonji and Shakotko (1987), Topel and Ward (1992), Sicherman and Galor (1990), Parent (2000), and Kambourov and Manovskii (2009) for alternative views.

³ See Becker (1962) and Oi (1962) for early motivations of this basic idea.

connections that can further be classified under two categories: strong ties (close friends and relatives) and weak ties (acquaintances). It is often argued in the informal networks literature that weak ties relay useful information more frequently than strong ties, which is known as the “strength-of-weak-ties” hypothesis.⁴ The intuition is that weak ties are connected to networks outside the individual worker’s reach; therefore, they can offer new sources of information and open new career windows. There are studies in the organizational behavior literature clearly documenting the importance of social contacts on the career choices of young workers [see, for example, Higgins (2001)]. But, there is no work studying the impact of network structure—i.e., whether the worker has greater access to weak ties versus strong ties or not, or whether the informal network is large or not—on career decisions of young workers.

The main goal of this paper is to question the respective roles that strong and weak connections play in young workers’ career decisions. In particular, I assess whether weak ties or strong ties lead to a more swift (or less volatile) career engagement for young workers. This is important, because if you think the worker population as a mix of those with a larger fraction of weak ties versus those with a larger fraction of strong ties in their social networks, then changes in the composition of these two types of workers in the population influence the patterns of career choice and the associated labor market outcomes, such as wage growth and human capital accumulation.

I find that the likelihood of securing a suitable career path early in the life cycle goes up with the fraction of weak ties among a worker’s social contacts. The social networks literature states that strong ties have greater motivation to provide help and they are more likely to be available when needed, as Granovetter suggests. But, “weak ties provide people with access to information and resources beyond those available in their own social circle” [Granovetter (1983)]. In this paper, I show that weak ties are crucial in locating stable career paths early, they reduce mobility, and increase match quality. Strong ties, on the other hand, amplify mobility and increase the incidence of mismatch. These findings are consistent and coherent with Granovetter’s theory and the subsequent conceptualization of the strength-of-weak-ties hypothesis in the literature.

These results can explain why it takes much longer for blacks to locate a stable career path than whites [see, for example, Wolpin (1992)]. The social networks literature clearly documents that social networks of young black workers mainly consist of strong ties contrary to their white counterparts, who have considerable access to weak ties [Allen (1995)]. If blacks more heavily rely on strong ties relative to whites, then the results that I present can explain why they spend more time before they settle on a suitable career. Generally speaking, the model that I develop predicts that young workers from closed and segregated neighborhoods tend to spend more time before they find suitable careers.

Another result I report is related to the network size. I show that the positive relationship between the share of weak ties and the likelihood of choosing a career gets weaker (but still persists) as the network size increases. This suggests that the importance of information coming from each weak tie gets smaller as the worker’s network becomes larger. An alternative interpretation is that the

weight that the worker attributes to the information acquired from each weak ties gets smaller as the network size increases.

This is the first paper in the literature investigating the effects of the structure of social networks on career decisions of young workers. The model is most closely related to the career choice framework developed by Neal (1999). The difference is that the distribution of careers—from which young workers make career draws—has been derived from micro-foundations motivating the strength-of-weak-ties hypothesis. These micro-foundations are similar to those documented and studied by Montgomery (1992). In this sense, my paper bridges the career choice and the social networks literature. There is only one empirical work, by Higgins (2001), documenting several aspects of the link between career choice and social networks. She finds using survey data that those young workers (at age 27 and below) who have access to a large and diverse advice network are more likely to build career paths early. This is consistent with the predictions of the model that this paper develops. The limitation of her work, however, is that the survey is conducted among MBA students, who are potentially better connected than the average worker in the relevant population, therefore the external validity of her results is limited.

In terms of the results, this paper is also closely linked to Bentalila et al. (2010). They argue that social contacts may be beneficial in finding jobs; but, these benefits are less pronounced for occupations requiring high worker productivity. According to their view, job search through informal contacts leads to inefficiencies that may reduce match quality. My paper is different from theirs in two major ways. First, they do not distinguish between weak ties versus strong ties. They focus on the role of social networks as a potential source of mismatch, while I distinguish between the type of contacts that may relay useful information (i.e., weak ties) and the type of those that are less likely to produce new information (i.e., strong ties). Second, their primary purpose is to model mismatch within an equilibrium search and matching framework and, thus, they do not formally model career choice, while the model that I develop puts together a coherent framework for career and job choices in the presence of social networks that can influence these choices.

The plan of the paper is as follows. Section 2 presents the model and the characterizes the optimal solution. Section 3 develops several numerical exercises based on the model along with a detailed assessment of the results. Graphical illustrations are provided to clarify the results. Section 4 concludes.

2. Model

The model builds on the theoretical principles of the job search framework developed by McCall (1970). The application to the career choice framework is similar to Miller (1984), McCall (1990) and, in particular, Neal (1999).⁵ The punchline in Neal’s model is that the young worker employs a two-stage strategy of career and job search. Career choice is of primary importance and the worker does not shop for jobs until he settles on a career. This strategy is also shown to be valid empirically. Based on this view, I assume that young workers allocate their informal networks to career search rather than job search.⁶

⁴ A non-exhaustive set of papers studying different aspects of this hypothesis include Granovetter (1973, 1983, 1995), Boorman (1975), Lin (1982), Bridges and Villemez (1986), Marsden and Hurlbert (1988), Montgomery (1992), Lai et al. (1998), Yakubovich (2005), Patacchini and Zenou (2008), Goel and Lang (2009), and Zenou (2013). See also Halaby (1988) for a search-theoretic approach to informal job search.

⁵ See also Ljungqvist and Sargent (2004) for an excellent review and interpretation of Neal’s model.

⁶ This is a sensible assumption for young workers, but not necessarily a good approximation for tenured workers. But this paper focuses explicitly on the career decisions of young workers, ruling out the career movements of older workers.

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