

Social Network Analysis: Work and Organization Studies

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What this chapter entails

Social network analysis of labor market

- Job seekers finding a job through weak tie
- Employers fill job vacancies with employee referral

Social network analysis of intra-organizational network

- Structural hole: an egoistic view
- Power: a structural view
- Competitive edge: an utility view

Social network analysis of inter-organizational network

- Interlocking board
- Strategic alliances

Personal connections and labor market



Finding a job: one needs social network



But not the kind of network people commonly presume



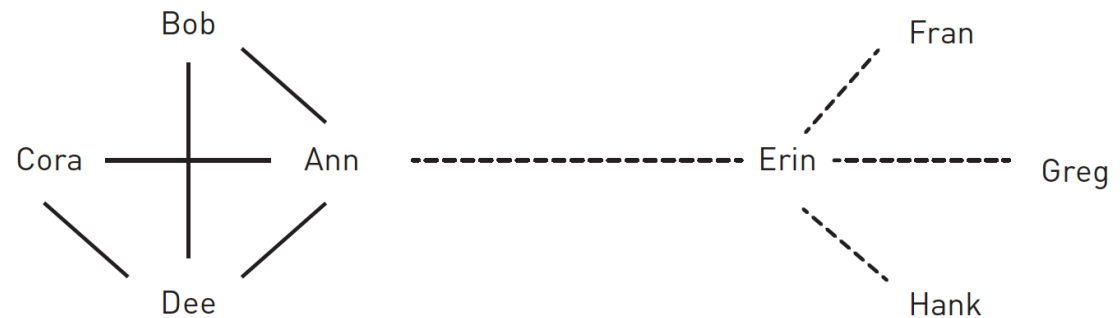
Per Mark Granovetter's study in 1970s
in Boston US,

Job seekers obtain jobs through personal connections by collecting vital information of the job (job qualification, specific requirement, time frame etc)

Although relatives or close friends are the most motivated to help, it is those weak tie contacts acquaintances, work place friends, who pass along the most useful info for the job

Strength of weak ties

- Why weak tie contacts have better quality information than do strong tie contacts
 - Weak tie contacts traverse very different social circle than the ego, furnishing egos with non-redundant information
 - Strong tie contacts are connected to the same set of the people known to the ego, providing the ego with redundant information.



Note: Adapted from p. 32 of Knoke, D. (2012). *Economic networks*. Cambridge, England: Polity.

Employer side of story: filling job vacancies

Employee referral: when job opening appears, employer encourage current employees to nominate qualified candidates to fill he openings.

Referral hiring is prevalent since 1950s, and a study in the 1990s reports 51% of jobs are filled with employee referral



Why employers like to use referral hiring

It is cheaper, compared with newspaper ads, online, posting etc

Inbreeding bias

Employees receiving financial incentive to do so are acting to safeguard their own reputation

The hiring reaches targeted audiences who possess the kind of knowledge and skills needed

Referral employees serves as conduit to exchange info between candidates and employers

Employees hired through referral avoid hard landing through socialization process

Does employee referral payoff?

Employers put down \$250 per hiring (referral bonus), receiving \$416 in return (reducing recruitment cost), a return rate of 67%.

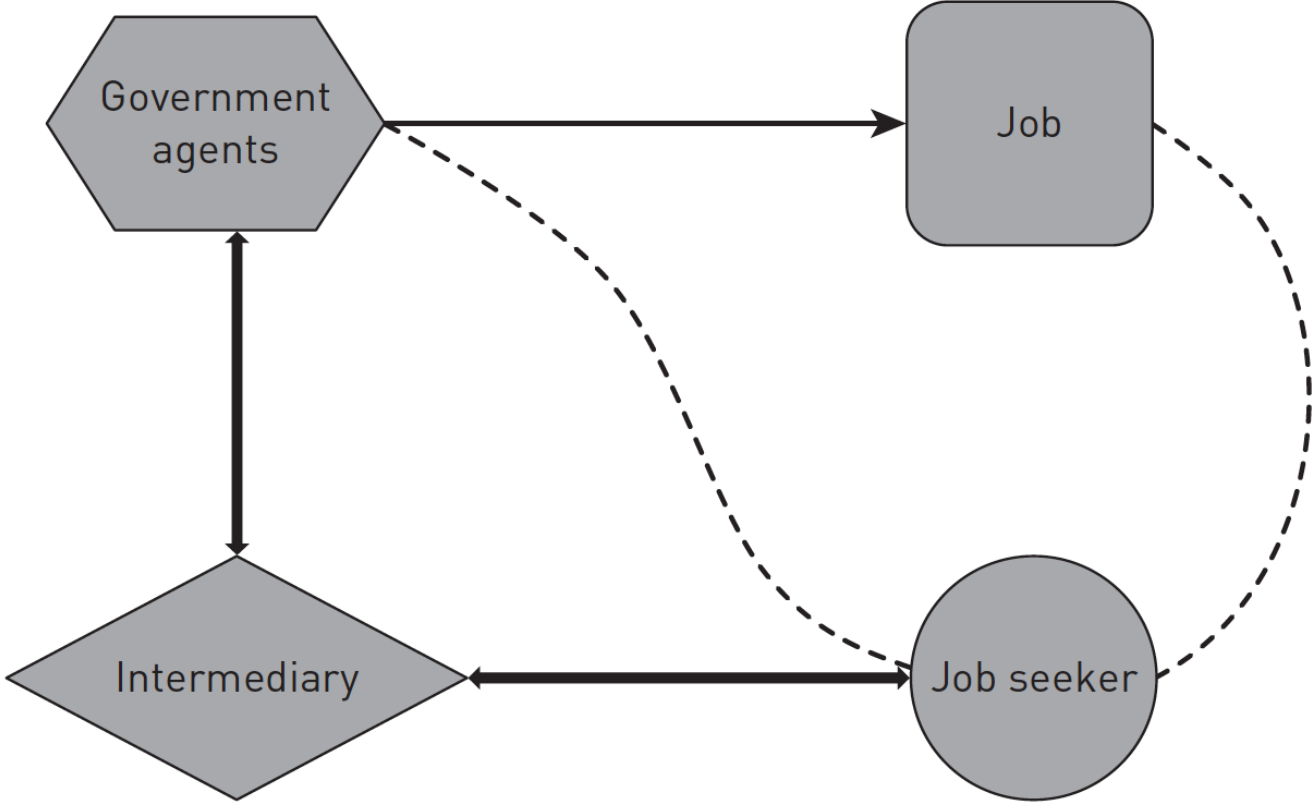
Less evidence to support inbreeding bias, soft landing, socialization, benefits.

One finding: when referral employee turnover, the persons they referred to obtain their jobs are also likely to turnover.

Social network and job market in other countries

- Germany: strong ties help those whose job status start low or whose SES are low. Weak ties help those whose job status are high, and who is looking to even upgrade their status more.
- Sweden: strong ties help young people, and people live in high unemployment economics.
- China: Chinese Guanxi network (strong, long term – sometimes cross generation, multifaceted, emotional, instrumental, have certain elements of altruism, great level of trust, and mutuality, as well as mutual obligations)

Chinese job market and Guanxi network



Job market in Taiwan and gendered network

Certainly a social network plays a role in other labor market processes besides just finding a job or changing jobs. In Taiwan, for example, social networks, measured with a positional generator (see Chapter 2 of this book) to capture the extent to which people have personal contacts in different positions are related to job prestige and income. An interesting social phenomenon in Taiwan is that such network benefits only accrue for men. For women to attain high job prestige and income, human capital (education and training) must provide the avenue. Does the gender-based distinction in pathways to high job status only appear in Taiwan? More research is needed to answer this question.