

Stylistic Proofreading

Economic models typically assume that workers and jobs are matched through a search, ~~the whose~~ costs and benefits ~~of which~~ are equalized at the margin (Granovetter, 1995b, pp. 141–146). ~~b-~~But in most real labour markets, social networks play a key role: ~~p-~~Prospective employers and employees prefer to learn about one another from personal sources whose information they trust. This is an example of what has been called “social capital” (Lin, 2001). ~~Such an interaction~~ has obvious links to theories of asymmetric information (for example, Montgomery, 1991), with the difference that, unlike in most such models, there is what one might call bilateral asymmetry – both employer and employee have information about their own “qualities” that the other needs. ~~This is in contrast to~~ the classic “lemons” model of Akerlof (1970), ~~in which by contrast~~, the seller of a used car considers all buyers interchangeable and does not require ~~detailed~~ subtle information about them.

Because all social interactions unavoidably transmit information, details about employers, employees and jobs flow continuously through ~~the~~ social networks that people ~~mostly~~ maintain ~~in large part~~ for non-economic reasons. Since individuals use social contacts and networks ~~that are~~ already in place, and need not invest in constructing them, the cost ~~of such informal information-gathering~~ is less than that of ~~using~~ more formal search intermediaries (Shleifer, ~~Andrei~~ and Lawrence Summers, 1990). ~~However, b-~~Because pre-existing networks are unevenly distributed ~~among~~ individuals, whatever the social processes ~~involved~~, ~~led to~~ these networks will create an uneven playing field in the labour market without any actor necessarily having intended to do so (Granovetter, 1995b, pp. 169–177).

Whether the use of ~~social~~ ties in finding jobs significantly affects wages, wage growth, job satisfaction and productivity has been debated but not resolved. Large aggregated data-sets sometimes do not show clear effects (as in Mouw, 2003), but more focused and specialised samples often do. Because ~~so much of~~ the hiring action in labour markets ~~can~~ occurs through social networks of very different kinds in a wide variety of circumstances, it would be surprising if outcomes were uniform. The resources ~~withheld by~~ individuals’ networks, the intentions of employers, and macroeconomic conditions are only ~~three~~ of the important sources of variation in outcomes when networks ~~enable people to find~~ ~~route people to~~ jobs (Granovetter, 1995b, pp. 146–162).

The point is that when mobility results from network connections, it changes network structure, ~~which that~~ then feeds back into future mobility patterns. (Mouw, ~~Theodore~~, 2003).

~~For example, One implication is that~~ where rates of inter-firm mobility are quite low, as in Japan during the 1970s and 1980s, few workers will ever have worked with ~~their equivalents from others who are now at~~ different firms. ~~Then, if being able to move~~ mobility to a new firm relies heavily on ~~someone already in that firm vouching for one’s ability to the employer~~ certification to employers of one’s ability by someone already in that firm, a lack of mobility between firms will be self-perpetuating, and conversely, when inter-firm mobility is high, that greater mobility may also reproduce itself, as in Silicon Valley labour markets (Saxenian, 1994).

Commented [A1]: First names are not needed in in-text citations.