Job search via social networks – An analysis of monetary and non-monetary returns for low-skilled unemployed

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Drawing on a search theoretical model by Montgomery (1992), we analyze effects of information flow via social networks, comparing monetary and non-monetary outcomes in jobs located via networks and formal methods. Propensity-score matching on survey data from low-skilled unemployed is used to identify causal effects. The analysis takes into account unobserved heterogeneity by applying Rosenbaum-Bounds. Because of potential ambiguity/endogeneity when comparing outcomes in accepted jobs, we also look at the effect of job searching via social networks compared to not using networks as a source of information. We find no evidence for causal effects on monetary outcomes and at best only weak evidence for effects on non-monetary job outcomes.