

# **The Impact of Social Networks on Labour Market Outcomes: New Evidence from Cape Breton**

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## **Abstract**

Debates centered on the role of social networks as a determinant of labour market outcomes have a long history in economics and sociology; however, determining causality remains a challenge. In this study we use information on random assignment to a unique intervention to identify the impact of changes in the size of alternative social network measures on subsequent employment at both the individual and community level. Our results indicate that being assigned to the treatment protocol significantly increased the size of social networks, particularly weak ties. Nevertheless, these increases did not translate into improved employment outcomes 18 months following study completion. We do not find any evidence of treatment effect heterogeneity based on the initial size of one's social network; but those whose strong ties increased at a higher rate during the experiment were significantly less likely to hold a job following the experiment. We find that many of these results also hold at the community level among those who did not directly participate in the intervention. In summary, our results suggest that policies can successfully influence the size of an individual's social network, but these increases have limited impacts on long run labour market outcomes with the notable exception of changes in the composition of individuals who hold jobs.

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