

Research Statement

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(*Job market paper and other working papers are available at*
<http://achenzion.github.io/research/index.html>.)

My primary research interest is labor economics. I am an applied microeconomist focusing on networks in the labor market. My work studies job referral among co-workers and the value of information in a network. I seek to understand how networks of individuals and firms act as conduits for economic information. My dissertation research examines the impact of historic co-workers on job referral and firm creation.

My solo authored paper, “The Beginning of a Beautiful Friendship: The Impact of Hiring-Cohort Connections on Job Referral”, studies job mobility in Brazil as a function of the location of former co-workers. Connections with former co-workers are important for labor mobility. Co-workers that were hired at the same time, the *hiring-cohort*, enter an existing work landscape together. I find that they serve as unique sources of job referral later in life. A simple model of relationship formation from my second chapter predicts a tendency for connections to persist over time. This theory implies that a worker’s hiring-cohort co-workers are an important source of employment opportunities because they are more likely to have a pre-existing working relationship. I am able to study how hiring-cohort co-workers influence where a displaced worker is hired by using a Brazilian employee-employer dataset. The existence of hiring-cohort co-workers and the quantity of former co-workers at a plant have a significant positive effect on the probability of acquiring a job at that plant, following unemployment. The existence of one hiring-cohort co-worker increases the chance of going to a plant by 3.3-fold which is 2.5 times better than one non-hiring-cohort co-worker and equivalent to the impact of 1.3 non-hiring-cohort co-workers. I also address several biases associated with inferred job referral in the existing literature and show that results are robust to placebo tests.

The second chapter of my dissertation is a co-authored paper with James Rauch (UCSD) entitled “History Dependence in Networks of Close Relationships: Theory and evidence from cohort attachment in employee entrepreneurship”. We develop a model of costly network formation in which agents learn about the quality of their matches. By retaining good connections, agents become increasingly reluctant to form matches of unknown quality, leading their networks to be front-loaded with agents they met near the beginning of their careers. This reluctance naturally gives rise to “cohort attachment”: new agents form links with each other because the agents already there are reluctant to form links with them. We examine the possible influence of membership in the same cohort on which co-workers an employee entrepreneur brings from a parent firm to his spinoff firm. Using matched employer-employee data for Brazil during the period 1995-2001, we find evidence that is consistent with our the-

ory and provides a rich picture of the personnel aspect of firm formation. After controlling for similarity between co-worker and entrepreneur characteristics and for tenure overlap with the entrepreneur, we find that parent firm employees hired in the same first plant and same cohort as the entrepreneur were 21 percent more likely to join him at the spinoff than other parent employees hired in the same first plant.

The final chapter of my dissertation is entitled, “Competition in Dynamic Markets for Information Goods.” This paper is co-authored with S. Nageeb Ali (Pennsylvania State University) and Erik Lillethun (UCSD). This paper analyzes pricing and trading rules in markets for information goods, which are goods that may be costlessly replicated and resold. Previous literature has shown that in static (i.e., frictionless) markets for information goods, competition is perfect even when there is only one seller. This self-competition occurs, because any buyer also acts as a competitor. However, this paper shows that in a dynamic market, even as frictions vanish, a lone seller can extract positive prices in equilibrium. This type of equilibrium exhibits an initial exclusive trading rule (selling to only one buyer) followed by a free-for-all trading rule (everyone sells to everyone). The price for the initial sale remains positive while all subsequent prices converge to zero.

Looking ahead, I have several papers in various stages of development, all of which utilize data from Glassdoor, Inc. to study users’ job search behavior. The first is a solo authored paper studying the relationship between labor and product market competition among S&P 500 companies. Labor market competition is measured using clicking behavior of job seekers and product market competition is measured by the firm’s industry. The second is a co-authored project with Laura Gee (Tufts) studying left-digit bias in user clicking while searching for a job. The paper will look at how the probability of clicking on a job listing changes as a function of the company rating.

In the future, I would like to focus on the relationship between networked connections, the job market, and information sharing. I will work closely with private sector companies with large-scale user data and collaborate to the benefit of both the companies and academic researchers.