



You are cordially invited to

UCLouvain Economics Seminar

On **Thursday March 29, 2018**, from **12:45 to 14:00** **Doyen**
22, Place des Doyens, 1

Manolis Galenianos

(Royal Holloway, University of London)

Will give a presentation on

Referral networks and inequality

Abstract

This is the first model to study the interaction between labor markets and endogenous referral networks in the context of worker heterogeneity. The equilibrium structure of the referral network is predicted to be hierarchical, in contrast to the usual assumption of homophily but consistent with the evidence. Hierarchy exacerbates labor market inequality. The welfare effects of hierarchy are ambiguous and depend on the nature of heterogeneity. If heterogeneity is driven by productivity differences, hierarchy improves welfare. If workers face different probability of forming a match despite having the same productivity, as in the case of discrimination, it reduces welfare.

Information:

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