Comment: Christopher Winship

Rees and Gray have carried out an important exploratory analysis of the effects of family background on youth employment behavior. Three of their findings are of particular note. These are: (1) that the usual measures of family background have little if any effect on employment behavior of youths; (2) that receipt of government transfers (welfare, social security, etc.) has little if any effect on employment behavior; (3) that there is a large correlation between the employment behavior of siblings even after observed variables measuring family background and local labor market conditions have been controlled for. It is this last finding that I want to discuss in more detail.

The strong relationship between the employment status of siblings may have a number of sources. It may be due to the effects of unobserved family characteristics, local labor market conditions, or, as Rees and Gray suggest, the fact that siblings are able to help each other find jobs. An unnoticed finding in Rees and Gray’s analysis is the distinct pattern of the effects. The effect of younger sibling’s employment status is almost always greater than that of the older sibling in real, not absolute, value (an observation made by Robert Mare). This relationship holds for 29 of the 32 possible comparisons that can be made for the regressions using present employment status and hours worked during the year. Thus the fact that a younger sibling is employed has a greater effect on a respondent’s employment than the fact that an older sibling is employed. Conversely, the fact that an older sibling is not employed has a greater effect, in absolute value, on one’s employment (note that the effects are negative rather than positive in this case) than the fact that a younger sibling is not employed. To put it another way, knowing that a younger sibling is employed tells us more about the respondent’s probable employment status than knowing that an older sibling is employed. Conversely, knowing that an older sibling is not employed tells us more about the respondent’s employment status than knowing that a younger sibling is not employed. This pattern holds net of the effects of age, educational attainment, and other variables that we would expect to produce this difference.

This pattern cannot be explained by the mechanism that Rees and Gray have suggested, namely, that siblings help each other find jobs. If we assume that this was the major explanation for the correlation between sibling employment status, then we would expect to find either no pattern in the effects or that the pattern was just the opposite: an older sibling being employed should have a greater effect on an individual’s
employment status than a younger sibling. This latter conclusion follows
from the assumption that older siblings are more likely to be able to
provide jobs for younger ones since, presumably, they would have higher
status jobs and thus have access to better jobs. Younger siblings would be
likely only to have access to jobs that their older siblings would find
undesirable.

This finding (that older siblings, net of age, education, and other
variables, are more likely to be employed), suggests a number of alterna-
tive explanations. I shall discuss three briefly. First, it may be the case
that job rationing goes on within families on an oldest-first basis. This
would be particularly likely if parental personal contacts were an im-
portant source of jobs for youths. Second, there may be a normative struc-
ture within households that imposes an obligation on older youths to
obtain employment before their younger siblings do. Third, and not
inconsistent with either of the first two explanations, there may be a
definite structure to interfamily labor supply in terms of the age of
different siblings.

Having discussed Rees and Gray’s analysis briefly, I want to turn to a
discussion of the major hypothesis that they propose in their chapter.
Rees and Gray propose that jobs in the youth labor market are rationed
by means of parental personal contacts. They contend that they find no
support in their analysis for this hypothesis. This contention is based on
their finding that the traditional measures of family background and
parental status have no effect on a youth’s employment status.

The question I want to ask is whether this finding provides an adequate
test of the proposed hypothesis. Let us break down the reasoning implicit
in Rees and Gray’s argument into its three constituent parts: (1) that jobs
are rationed in the labor market by means of personal contacts; (2) that it
is parental contacts that are critical for youths in finding jobs; (3) that
parents with higher socioeconomic status should have more effective
contacts in terms of their ability to find their children jobs. In order for
their hypothesis to be true, statements 1 and 2 would have to be correct.
Rees and Gray’s test, however, relies on all three statements being true.
Clearly, there is no reason that subhypotheses 1 and 2 might hold whereas
subhypothesis 3 might not. In fact, one could argue that parents with
lower socioeconomic status might be in a better situation to provide their
children with jobs since the type of jobs they have and the places where
they are employed would be closer to the type that their children would
have the necessary qualifications to work in.

Table C13.1 provides more direct evidence for subhypotheses 1 and 2.
The data are taken from the January 1973 Current Population Survey and
its supplement.

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<th>Method</th>
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<td>34.1</td>
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<td>9.4</td>
<td>5.4</td>
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<td>18.5</td>
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<td>other</td>
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<td>566</td>
<td>924</td>
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Note: Weighted percentages for individuals who searched for a job and found one in 1972. Data taken from the January 1973 CPS. Frequencies are the unweighted counts.

particularly important for teenagers, for whom a full 41.3% of the jobs
found are found through personal contacts. This evidence supports the
hypothesis that personal contacts are an important rationing mechanism,
especially for youths.

Second, the table indicates that jobs are found more often through
contacts involving persons other than relatives. This is consistent with
Granovetter’s (1974) finding that it is usually distant and weak contacts
that are most effective in helping individuals find jobs. The table does,
however, indicate that contacts with relatives are more important for
youths than for adults. For youths, approximately one-third of the jobs
found through personal contacts are found through relatives, whereas for
adults the number is less than a quarter. Thus we find only weak support
for subhypothesis 2.

I have no direct evidence on the relationship between family back-
ground and the use of personal contacts. Becker (1979), however, has
done some preliminary analysis on differences by race. If we recompute
his figures so they are comparable to those in table C13.1, his findings
indicate that, using the same January 1973 Current Population Survey
data, white youths (aged 16-24) are more likely to have found a job
through personal contacts than black youths (33.6 versus 30.7%), but
that of those using personal contacts blacks are more likely than whites to
use relatives (47.5 versus 32.6%). Under the assumption that blacks in
the survey come from families with lower socioeconomic status than
whites, this finding is consistent with the argument made above that there
is no necessary reason to suspect that there is a positive relationship
between the effectiveness of parental contacts and socioeconomic back-
ground.

In summary, we can say that we have found evidence to support
subhypothesis 1, weaker evidence to support subhypothesis 2, and no
evidence to support subhypothesis 3. Clearly, however, our discussion of
the importance of personal contacts has at best been suggestive. More work needs to be done to assess the importance of personal contacts as a mechanism by which people find jobs.

The analysis by Rees and Gray is also suggestive. Perhaps their contribution lies not so much in what they have told us about the importance or lack of importance of personal contacts, but rather in the suggestion that there are potentially rich analyses to be done on the nature of intramural labor supply and employment behavior. This has been an active area with respect to husband and wives. Rees and Gray's analysis, however, suggests that there is much to be done with regard to the interdependencies among siblings. In this, their chapter has suggested important new directions for research.

References


Comment

George Farkas and Ernst W. Stromsdorfer

Economists analyzing youth employment or labor supply with microdata have usually been content to estimate income and substitution effects, with little regard for intramural (supply-side) tastes and decision-making mechanisms or labor market (demand-side) distortions which might bias their results. Rees and Gray's chapter is thus particularly valuable in that it explicitly introduces "family work ethic" and "family job contacts" as variables which might play these roles. The authors make no attempt to separate these supply and demand side effects, and their test of the empirical importance of the resulting combined effect is only indirect, but they do produce findings which suggest that something beyond the usual income effect is occurring in their data.

As the authors note, the unexpected finding of a positive association between family income and youth labor force participation goes back at least to Bowen and Finegan (1969), who attributed it to a positive association between family income and job contacts. More recently, Guttman and Steinmeier (1979) have replicated this result:

\[ W^0 = \text{family income} \]

(1)

\[ DI = \text{the disemployment probabilities in work hours of the control group} \]

(2)

\[ \text{where} \]

\[ W^0 = \text{the extent of the relationship between family income and youth labor force participation} \]

\[ DI = \text{the disemployment probabilities in work hours of the control group} \]

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