Network, Bureaucracy, Exclusion:

Recruitment and Selection in an Immigrant Metropolis*

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Network theory represents at once the most distinctively sociological and the most successful sociological contribution to our understanding of international migration. Admittedly, network theory does not explain the activation of migration streams. But as it identifies a feature common to almost all, if not all, migrations, and tells us why those migrations, once begun, persist, its explanatory power is great indeed. The argument is simple: networks provide the mechanisms for connecting an initial, highly selective group of seedbed immigrants with a gradually growing base of followers back home. Those connections rely on social relationships, developed prior to the migration decision, and in which trust is taken for granted. Consequently, the networks provide durable, efficient conduits for the flow of information and support.

Resource flows through the networks change in a two-fold process. On the one hand, the veterans consolidate their place in the host society, reducing the costs undergone in providing information and support, and thus widening the pool of candidates eligible for help. And on the other hand, a growing proportion of the home communities finds itself linked to settlers in a position to give assistance, lowering the costs and risks of movement, and thus increasing migration's net expected returns. Very quickly, network consolidation and expansion make migration a self-feeding phenomenon, as ties to settlers diffuse so broadly that almost everyone in the home society enjoys access to a contact abroad.[1]

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[1] These two paragraphs do no more than present a stylized summary of a now vast literature; for a lucid discussion of network theory, with ample references, see Massey et al., 1993.

But for all its power, network theory never quite explains why the structures function as they do. It offers a supply-side theory of immigration, emphasizing a "universal logic [that] takes hold as the network is extended and elaborated, binding [home country] institutions more tightly to specific destinations in the United States (Massey et al, 1987: 169)." It may be the case, as Massey and his collaborators argue,

> that *all that is necessary* (italics added) for a migrant network to develop is for one person to be in the right place at the right time and obtain a position that allows him to distribute jobs and favors to others from his community.

But this formulation suffers from its inevitabilism: that "*eventually* someone achieves a position of *authority*...and begins to recruit fellow townspeople for work (Massey et. al. 1994: 1528; 1501; italics added)" More importantly, it begs a logically anterior question: namely, how does it happen that such authority positions open up to socially stigmatized outsiders, such that they can hand out valued resources to needy friends and kin? Note that the specification of the argument implies an inherently expansionary thrust, requiring us to explain not simply why veterans find positions for janitors or dishwashers, but why their leverage extends to ever higher reaches of the economic ladder.

Part of the problem involves the *explanda* itself: network theory is an account of social reproduction. First, however, we need to understand how outsiders get inserted into a structure from which they have previously been excluded, and to answer that question, we need an explanation of social discontinuity. As I've tried, elsewhere, to address that question, (see Waldinger, 1994), considerations of economy and simplicity allow me to bracket the question of which factors, and under what conditions, open up "the right place." On the one hand, we can safely assume that all workers at the very

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bottom of the labor market engage in a good deal of churning; and on the other hand, we

can expect that immigrants will apply for these entry-level jobs at higher rates than anyone

else. Consequently the number of people with contacts and with the ability to help get a

job and keep it quickly increases. Over time, the ranks of low-level kitchen workers

increasingly come to be filled among immigrant networks; given bosses' natural

preference to recruit from inside, the immigrant presence automatically grows.

But this type of explanation tells us why there are lots of immigrant sweepers and

kitchen helpers; network theories, however, stake grander claims, contending that

migration involves a self-feeding process (e.g., Massey, et. al, 1987: 171). In that case,

the networks must constantly expand their ambit; one wonders how.

Arguments from the "economic sociology of immigration," (see Portes, 1995)

provide one answer to the puzzle. The same connections that span immigrant communities

constitute a source of "social capital", providing social structures that facilitate action, in

this case the search for jobs and the acquisition of skills and other resources needed to

move up the economic ladder. Networks tying veterans to newcomers allow for rapid

transmission of information about openings in workplaces or opportunities for new

business start-ups. And networks provide better information within workplaces, reducing

the risks associated with initial hiring, and similarly connecting co-ethnic entrepreneurs,

who take membership in the community as an index of trust (Bailey and Waldinger, 1991).

Once in place, the networks are self-reproducing, since each incumbent recruits friends or

relatives from his or her own group, and entrepreneurs gravitate to the cluster of business

opportunities that their associates in the community have already identified. Relationships

among co-ethnics are likely to be many-sided, rather than specialized, leading community effects to go beyond their informational value, and engendering both codes of conduct, and the mechanisms for sanctioning those who violate norms (Portes and Sensenbrenner, 1993). Put simply, network prevails over market, providing the more efficient mechanism for reducing the costs and risks associated with hiring.

But note that the argument links the embeddedness of employment in immigrant communities to two, distinct aspects of immigrant connections: (1) networks provide a conduit for high quality, two-way, information flows; and (2) thanks to their social closure potential, they also furnish a structure for enforcing behavioral expectation. Clearly, the social closure potential of immigrant networks is a property valued by employers: in some instances, informal hiring practices perform more efficiently than more open, formal processes (Tilly and Tilly, 1994: 301). But social closure involves the exercise of power, by definition; for that reason, the social closure potential of immigrant networks can also serve to increase opportunities for one group of ethnically distinctive workers at the expense of another. This effort to expand rewards by restricting access to resources and opportunities to a limited circle of eligibles generates an expansionary thrust, extending the penetration of immigrant networks beyond the range defined by considerations of an efficiency sort.

Exclusionary closure, to borrow the terminology coined by the British sociologist, Frank Parkin (1979), occurs when ethnically distinctive insiders attempt to monopolize job opportunities for members of their core network and restrict outsiders. While social relations embed economic behavior in an ethnic community and thereby enhance the ease

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and efficiency of economic exchanges among community members, those same connections implicitly restrict outsiders. Indeed, the more embedded are ethnic economic actors in dense, many-sided relations, the stronger the mechanisms for excluding outsiders and the greater the motivations for doing so. Network recruitment offers the opportunity to detach the hiring process from the open market, allowing insiders to ration openings to their referrals; consequently, one ethnic group's ability to mobilize resources through social structure serves as a strategy for limiting another group's chances for advancement. The effort to work with others of one's own kind provides further impetus for the spread of network recruitment.

Thus, the social connections among workers, and between workers and employers, facilitate economic action; network recruitment is so extensive because it improves the quality and quantity of information that both workers and employers need, and also shapes the employment relationship by imparting a set of understandings common to workers and employers. Once imported into a workplace, however, immigrant networks can be turned to other ends; it is precisely because they are so powerful, that they are hard to uproot and difficult to control.

So factors related to efficiency and power explain why the implantation of ethnic networks among formally, "open" organizations enlarges opportunities for low-skilled ethnic insiders, while reducing access to outsiders. But if network hiring is extensive, it is not pervasive. After all, networks connect immigrants to organizations; it is the distinctive features of the organizations employing immigrants that set the upper bounds on network penetration.

Emphasizing network over organization is a common sociological theme. The network phenomenon offers proof that the earlier antinomies posited by modern sociology – *gemeinschaft* v. *gesselschaft*, modernity v. traditionalism, formal v. informal – do not hold. After all, what could be more *gemeinschaftlich*, more traditional than the reappearance of entire family groups within a workplace that maintains all the other appurtenances of bureaucratic management? And the pattern at the top of the organization does not necessarily look all that different -- even if "old boy" connections and club memberships are not quite as important as they were a mere two decades ago (see Kanter, 1977).

We can agree on the reality of a backstage life to organizations, in which social connections among employees – and between employees and the communities to which they are linked – remain alive and well. But it is one thing to argue that networks ward off the pressures towards formalization that the earlier literature described so well, quite another to ignore those pressures altogether. Recall that modern personnel management arose, in part, out of an effort to reduce the role of personalistic ties in hiring and promotion (Nelson, 1975; Jacoby, 1985). That effort cannot not be judged a full success, and may well be doomed to partial failure, as the modern organizational literature would suggest. But it remains the case that organizational practices circumscribe the scope for network recruitment, for reasons having to do with formalization, on the one hand, and the maintenance of legitimacy, on the other.

In either case, organizational features affect the conditions under which workers are selected – an issue to which network theory does not attend. Network theory

provides two variants on the ways in which workers are matched to jobs – both accounts happen to focus exclusively on recruitment. The variant favored by the migration literature tells a story about the strength of strong ties; most network studies, by contrast, accent a different element, namely the strength of weak ties (Granovetter, 1973). Whatever its virtues, the weak ties story does not seem to provide an explanation for the behavior of the information-giver: after all, why provide valuable information to anyone to whom one has a slight, perhaps even just a passing connection? More to the point, weak ties are unlikely to serve as two-way channels of communication, telling job-seekers about opportunities (with uneven degrees of accuracy), but not reassuring bosses about the appropriateness of applicants' traits. In any case, the strength of weak ties is not a theory of sponsorship, an act for which weakly tied associates have neither the means nor the motivation.

Thus, the strength of weak ties is essentially an argument about the ways in which social networks alter the information available to job-seekers, while doing nothing to alter the information needed by employers when making a decision about hiring. Strong ties may not do much to diversify information flows. But they seem likely to function better as conduits for two-way flows of information, since members of dense networks know their associates well and maintain the ongoing relations needed to ensure that network associates perform as predicted. Consequently, the strength of strong ties is a theory of sponsorship, as it explains how social connections can also alter the employer's calculus.

But for strong ties to actually deliver a job, the employer's informational needs must be fully met by the intelligence provided through the referral network – and those

conditions cannot always be fulfilled. The interests of workers and employers are hardly symmetric: under conditions of job scarcity, workers may seek to maximize employment opportunities for their kin and associates, a goal that could well distort the quality of information provided to employers. Even if sponsors' motivations were pure, they can only be imperfect judges of an applicant's qualifications – having limited knowledge of both the job and the applicant's suitability. The nature of the job will also come into play: it's one thing to trust a sponsor's word when the tasks are relatively simple and the work is closely supervised, quite another matter for a function involving greater complexity and more autonomy. For all these reasons, organizations are likely to screen the persons who apply for the job; the degree to which organizations screen applicants, and implement their own selection criteria, limits the scope of informal, network-based recruitment. The more formal, the more extensive the screening process, the lower the dependence on referral networks – which, for the subject matter of this paper, implies that bureaucracy will mitigate the exclusionary effects of network recruitment.

Classical organizational theory tells us that bureaucracy selects with an eye toward prediction; the need to insure consistent performance, according to a set of standardized criteria, drives the substitution of formal, impersonal means of selection for those based on ongoing, particular relationships among persons. But organizations also need to maintain their legitimacy among the clients they serve, as well as the workers who staff the ranks. From this perspective, network recruitment is a possible threat, yielding excessive, unwanted homogeneity, which in turn may suggest that the organization treats some groups of workers and customers differently from others. Hence, the need to maintain

legitimacy provides additional impetus for bureaucratic hiring procedures, which, by their very nature, reduce the scope for network recruitment.

Let me be clear: in highlighting the contrast between network and bureaucracy, I am not seeking to add yet another dualistic scheme to the binary oppositions of primary vs. secondary, or formal vs. informal. Bureaucracies are permeated by net works; and as relatively few immigrants work in the black market, bureaucratic factors exercise at least some influence on immigrant employment outcomes. Rather, I am invoking network and bureaucracy as sensitizing concepts, trying to introduce greater depth to our understanding of the labor market reality in the immigrant metropolis by drawing our attention to variations in the mechanisms by which workers are matched by jobs, and to the difference that those differences make.

Methodology

But first a word on the research on which this paper is based. While this paper builds on my earlier case studies of immigrant employment (Waldinger, 1996), the approach taken here is inspired by Kirschenman and Neckerman's (1991) research on employer hiring practices in Chicago: interested in discrimination, Kirschenman and Neckerman opted for in-depth interviews with a relatively small sample of employers, focusing directly on hiring practices. Their findings have drawn considerable attention, since they discovered that employers often take race and ethnicity quite explicitly into account in hiring decisions. But the methodology has also proved attractive, since in-depth interviews with employers offer considerable advantages over the more

conventional statistical analyses of large-scale microdata sets. As Philip Moss and Chris

Tilly have noted:

> Face to face, open-ended interviewing...generates rich, detailed data, and
> has the flexibility to accommodate and follow up on responses that are
> unexpected or do not fit predetermined categories. The informal,
> conversational tone of the interview helps to get respondents involved and
> interested, and creates a situation in which employers are more likely to
> speak freely about sensitive subjects such as race (Moss and Tilly, 1991:
> 3).

This paper is based on in-depth interviews, conducted in 1993 and 1994, with

managers and owners in 230 establishments in Los Angeles County, including 44

restaurants, 46 printers, 41 hotels, and 39 furniture manufacturers, 24 department stores,

and 36 hospitals.[2] The industries selected allow for comparison along a number of

dimensions, including size, bureaucratization, and degree of immigrant and African-

American representation. With the exception of the restaurant sample, which was drawn

from the Yellow Pages, and designed to include chains (varying in size from 3 to 55 units)

and single-owned operations, the sample was drawn randomly from directories.[3] The

organizations were located in a variety of areas within Los Angeles county, both within

the central city, and in more suburbanized areas. The interviews were arranged with the

highest ranking person involved in the hiring process and they were structured by an

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[2] All employers are single-counted, even if they were owners or managers of multi-unit operations. Three of the hospital interviews involved persons not directly employed by hospitals; these were with the vice-president of a company supplying contract housekeeping services to hospitals; an official in a large public sector hospital workers' union; and two personnel officials in a local government department responsible for general health care services.

[3] Our list of acute care medical hospitals in Los Angeles County was taken primarily from a local street guide, supplemented by a regional business directory.

instrument involving a mix of closed- and open-ended questions. In the beginning of the interview, we identified the largest category of "low-skilled" jobs and then focused the remainder of our discussion on those jobs and the workers who filled them. The interviews lasted from an hour and a half to three hours; in some cases, interviews were recorded and subsequently transcribed; in other instances, detailed notes were made of interviewees' responses.

Networks and exclusionary closure

Network vs. Market: Managers and owners viewed referrals favorably for a variety of reasons, a number of which had to do with deficiencies of the alternative methods. Those shortcomings had little to do with the volume of applicants. "They're in here constantly filling out applications," noted a discounter. "It never stops sometimes." While yielding considerable traffic, walk-ins were less likely to produce the right applicant mix.

> The X Hills store has a continuous flow of applicants, but the people come in in shorts, they come in in t-shirts, and many of them speak English very poorly and they're not the quality of candidates we're looking for.

As one interviewee noted, job-seekers with the time to canvass employer after employer are more likely to be jobless for good reason. "The disadvantage of walk-ins is that the people are unemployed. It sounds funny, but the most employable person has a job. If you want to attract employable people, you would want to attract people with a job."

Employers unable to do more than select from the flow of applicants drawn in off the street were unlikely to be content with the results, forced to "tak[e] what is there.", unhappily reliant, either on the local labor supply or else on less skilled help. Of course,

some entry-level positions were so simple and dead-end, that recourse to the least desirable help mattered little; but other bottom-level jobs, while unattractive as such, stood at the bottom of job ladder, making employers eager to hire people who might move up:

> *Field notes:* Under normal times, they'll take one or two joggers per year. "They don't line up at the door." Some college students consider that work beneath them. At times, they can't get entry-level people who also have the potential to grow. So referrals are important."

More problematic were matters related to information. Thanks to their size and visibility the larger, more public facilities – like the department stores or hospitals – attracted a sizable applicant flow with little or no effort; but sorting through all the job-hunters was an unenviable task. Not only did the ratio of applicants to jobs often force employers "to fish through about one hundred applicants," as a retailer noted discontentedly. The effort often proved unproductive: "I don't see the specific skills for different departments with walk-ins." Moreover, random job-seekers were just that -- random -- and rarely arrived with an appropriate orientation toward the job. "Many of the applicants do not understand what the job entails, the hours involved, nor the fact that it is a service industry," grumbled a discounter.

More important were information inadequacies on the employer side. Perceiving walk-ins as "coming out of the woodwork," employers found assessments of the job match hard to make. "I will ask one of the waiters for a referral before hiring a walk-in," said the owner of an upscale restaurant on LA's Westside. "I don't know someone who comes in through the door." . Since most jobs entailed some degree of interdependency, compatibility between incumbents and unknown quality was also a worry. "With the

walk-ins, you don't really know their personalities, and maybe if there is a conflict or a

difference of opinion this person might freak out."

In contrast to walk-ins, newspapers generated a bigger draw, "bring[ing] in the

most numbers," as one discounter noted. "I just think that they reach a larger population."

They also spanned the entire market, attracting a more crowd of applicants that was likely

to be more diverse than those who just walked in off the street. But those features were

not equally valued by all. Those employers who gave it bad reviews complained about

costs entailed in paying for an ad -- non-trivial when advertising in the *Los Angeles Times*,

which, in any case, was better suited for "attracting skilled workers who at least read the

LA Times and have to buy it." More displeasing were the administrative pains entailed in

absorbing the large flow of applicants that an advertisement inevitably generated. Stirring

up the labor force only complicated life for those employers who drew their labor force

from the bottom of labor market. "If I put an ad in a newspaper, I get 100 applicants for

every 1 position," groused a hotel manager, whose counterpart in an upscale hotel

explained that "I can do without getting the numbers of people in here. For a position

like steward or housekeeping we get over 200 applicants in (a) four hour period."

Consequently, employers of the least skilled help were likely to view advertising as "a last

resort."

But for many, the downside of reliance on advertizing went beyond the "huge time

factor" involved in "that volume of interviewing". Advertisements often failed to send the

right signals, or perhaps didn't send the signals in ways that were effectively received,

producing inquiries from applicants who lacked the desired characteristics. One printer

noted that advertisements were very successful in generating lots of applicants, mainly because "they don't understand the ad." A furniture manufacturer on the look-out for highly skilled mechanics had a similar complaint, noting that "referrals will get us the skill level that we want, as opposed to when you advertise quite often you get people who are not qualified but say they are." Nor did advertising do much to ensure selectivity, "bring[ing] in the numbers, but not the qualifications." Having to "fish through 100 applications to find three or four [with] what we're looking for," as noted by a discounter, left many managers unhappy.

Not only did employers have to grapple with the costs entailed in sifting through the large number of recruits generated by advertisements, they then had to deal with the issue of how to screen those applicants who seemed eligible. And here, because newspapers directed "quite a bit of flakes" toward employers' doors, problems related to the quality of information loomed large. "We don't know much of the person," explained a personnel manager of a furniture factory with two different locations in the LA area. "It is difficult to know whether that person will turn out to be good or not."

Resolving informational uncertainties required verifying the details of an applicant's record, which in turn, involved no small effort. In many cases, there is no or little information to be had, as noted by one hospital manager, who contrasted professional positions' -- where there are resumes and references and other things that we use as well" -- with the situation of an environmental service technician, "especially a walk-in, [where] "we typically don't have a lot of information except what we have in the application and through the interview process." Employers intent on digging into an applicant's

background also had to be prepared to bear the costs: "If you're trying to get five people, you have to make sure the information is complete, review the applications, [and then] screen." Many employers were still disposed to make that effort, but not for all classes of labor, as noted by a factory owner, who distinguished between truck drivers, for whom background checks "were much more critical," and warehouse workers, where references were "not important." In addition to skill and responsibility, organizational factors came into play; the larger, more bureaucratized organizations were the most likely to insist on a formal screen. Still large numbers in all six industries were abandoning the attempt to secure references, for example, a retailer who claimed that "trying to get information about past employment was a waste of time;" a manufacturer who said that "we generally don't call references on those kinds of jobs because you usually don't get an honest reply;" or a hospital manager who still did reference checks "when available. In this day and age, 'oh, the company went out of business.' You know that gets really tough."

For most organizations, the problem boils down to social structure -- or rather its absence among employers in the metropolis -- which is what makes opportunism run rife. It was one thing to "get information informally from people we have a relationship with", explained a restaurateur; quite another thing to expect "quality references with a cold phone call." Informal connections helped: an owner, for example, contrasted the human resources department of a large firm, which "might just confirm that the former employee did work there" with "smaller companies [that] tend to be more cooperative.". In some cases, employers were part of a "grapevine" through which they could directly or

indirectly access the relevant information. Ties spanning the industry provided indirect

information, as well:

> R. We're a segmented industry but we all know who else does it, and we know their work. So if they say that they worked for a particular company we pretty much know what kind of work they did, or have been doing.

Better yet, were referrals from existing employees, who have an interest in opening

up, as opposed to "a lot of companies [that] are not willing to release any information." A

printing plant in East Los Angeles carefully checked references for skilled workers

brought in from the outside, but saw no reason to follow the same practice when hiring

workers at the entry-level who were typically brought in through referrals: "our people

wouldn't put someone in here who just wants to get paycheck because they're concerned

about their own well-being." Likewise, a steak house, which relied on references from a

tightly-knit group of Mexican workers to fill kitchen jobs, but engaged in more formal

procedures when hiring waiters, called references for the front of the house jobs while

rarely bothering to do the same with the back. And for many employers -- especially, the

smaller outfits and the manufacturers -- personal contacts obviated the need to collect

information through official means. "I don't call previous employers," noted the president

of a manufacturing concern, "because to a certain extent my employees are doing the

screening for me."

> I: (Do you know if the foreman calls previous employers to check out on the person?)
> R: If the position is important, yes, if not, no. For the machine operator no. We're more interested in his attitude, his basic moral charge. Another employee recommended him, that to us is good enough. And most of the time, if there is something negative, they will usually tell us. We don't have a problem with having someone who's just spent 6 months in jail, because he had a parking ticket or something that he didn't take care of.

Network hiring as social reproduction: Thus far, the material tells a familiar story: the social connections among workers, and between workers and employers, facilitate economic action. "Hiring is a risk," as a department store manager pointed out, and the search for risk reduction leads to network recruitment, which both improves the quality and the quantity of information that both workers and employers need. Efficiency is all to be valued; and especially by sociologists when they find that a social, as opposed to market, process provides the more useful container. But as is often the case, efficiency involves an equity trade-off; in this case, workers without contacts to incumbents lose out when it comes to access to job information.

Exclusion is the natural by-product of reliance on referrals, if only because network recruitment inherently involves a process of social reproduction. Thus, the employers we interviewed were quick to point to a basic network principle – homophily, or the tendency of socially similar people to band together. "Friends of friends, friends of employees, word of mouth, it's as if they've all worked together, they all, it's a community type of thing, it's a networking type of thing." Similarity among persons within the same recruitment network meant that referrals were likely to originate from an appropriate applicant pool. "All these people know someone who has been working in the related industry and when they become aware that jobs are available, they will bring a brother, cousin, or neighbor in.." Given a tight community where "you get the same people who are working together kind of hanging around in the same area, when the job opening occurs they do communicate with one another saying that there's a job opening." In this situation, word of mouth ensures that information leaks out to the appropriate

benefit from a preference to hire from within. Whatever the precise motivation to mobilize connections to the Latino workforce, one result was a work world where "everyone knows each other," to quote an Anglo factory owner. A manufacturer described furniture as a "grandfather, father, son, situation." "We have a very large Hispanic population," recounted the production manager in an East Los Angeles printing plant, "and they all have cousins and uncles. Everyone in the open web department is related. The sisters are in the bindery and some of them are related to people in the open web department." A production manager estimated that "almost 60 percent of the workers are family related. Many of them are *compadres* and *comadres* because they have known each other for so long." One Christmas, a hotel discovered that:

> ...we gave everyone turkeys [before] realizing that we gave the same family 20 turkeys. At least half of the maids are from one family, and the other half probably is from another. The executive housekeeper's assistant is her sister.

Network hiring as a self-activating process: Employers' accounts often suggested that they consciously mobilized connections between incumbents and outsiders to secure the desired workforce. But the information flows are also activated by employees, whose contacts invariably extend to people looking for jobs. Just as social connections secure jobs for persons who aren't actively looking, social networks produce applicants for employers who don't yet have vacancies to fill. "Fifty percent of our people come from referrals," explained the HR manager for a VA hospital:

> They know someone, tell someone, have a friend fill out the application. We have a lot of people who have friends with applications already filled out; we have encouraged them to do that. If you can't come everyday, have someone keep a look out for you. They will give in an application the day the notice is posted. Then the supervisor could get the person that day and hire that day.

As this example suggests, incumbents keep themselves busy – or are kept busy -- finding a place for their associates. "If he (a brother of an employee) is not working, they'll approach us. Do you need a new polisher?" "We usually have a waiting list of friends from the existing employees," explained a factory owner. "Most of the time we have people waiting to come to work."

Ongoing relationships between job-seekers outside the organization and incumbents, with inside information about hiring needs, means that control over hiring patterns often slips out of management's hands. In larger, more bureaucratic establishments, contacts between incumbents and job-seekers are crucial for finding a place on the line before the rest of the world finds out; in smaller establishments, workers have access to more information than bosses, which means that incumbents take care of any recruitment before an employer realizes that a vacancies might arise. "Referrals occur before the vacancy appears," a printer told us, "Everybody out there knows about it before we do. People put an application in on the first day and then the brother reminds us of it." Connections among co-workers yield another source of inside information. "Around here," noted one of the respondents in our hotel sample, "someone says I'm going to resign in two weeks, and the next day I have applications for a job that may or may not be vacant." But often, the workers know better than their bosses, who report that "the least amount of knowledge the [workers] can share, the happier they are." According to a furniture factory manager: "I have people coming to apply for jobs and I say there is no openings out there and they say but Jose is going to quit; they have already heard about it before I even have the job posted."

Moreover, the self-activating nature of network recruitment often makes it resistant to management's efforts at short-circuiting the process, regardless of the formality of the hiring process and the particular organizational context. One of the hospitals we visited surveyed its employees twice a year and found that 95% of the new hires came from employee referrals; the personnel manager explained that even though "we do place a lot of ads but it usually ends up that somebody is a friend of somebody who works here and that's how they've gotten in." Similarly, a small community hospital posts jobs with the private industrial council and the employment service, but to no avail, since applications from in-house postings arrive first. "The employees really keep a good eye cause they want to bring their families and friends in." For reasons of equity -- "it's not fair to just go out there and tell the good worker about a vacancy" -- a furniture factory puts a help-wanted sign in front of the plant when new workers are needed. But as the plant manager noted, "it's the same as telling the employees." One factory owner switched from network recruitment to newspaper advertising as a means of upgrading the labor force, but this required running a blind ad with no mention of the factory's name, address, or phone number. "When the name of company was in ad," the owner pointed out, "the existing referrals would bring the people in. " Ties between incumbents and applicants are so powerful that a reliance on recruitment methods of the formal kind fails to shut down the machinations of informal hiring networks. This public sector HR official relates that

> we have a lot of family members that work you know, everybody's cousin
> works here and sister and you know brother-in-law and stuff like that. So I
> think there is a lot of ... Because what we do is if we have a job posted
> over at the employee's cafeteria saying you know ITCs you know open

testing soon, please apply something like that. So people call up all their
friends and go hey they're hiring. So probably there a lot more referrals
than we know of.

Bureaucracy and the Limits to Network Penetration

Thus far, I have told a story about networks and the ways in which the penetration

of ethnic networks into formally, "open" organizations enlarges opportunities for ethnic

insiders, while reducing access to outsiders. But as I argued in the introduction, hiring

involves selection as well as recruitment. In some cases, organizations make little or no

effort at selection, or rely on the networks to select the desired labor force; but any

attempt at implementing formalized selection procedures will inevitably reduce the range

of network penetration, as I will show in the sections below.

Formalization: While this section seeks to "bring bureaucracy back in," I begin

by noting that many organizations dispensed with bureaucratic means of selection, if for

no other reason, than the fact that networks can often provide more, and better quality

information than obtained through bureaucratic means. But the nature of the job and the

characteristics of the organization itself come into play as well. Restaurants, for example,

seemed to do little to sort out applicants for entry-level back-of-the-house jobs, whether

referred by their existing kitchen workforce or not. Time pressures, and the need to add

bodies quickly, also led restaurant employers to skimp on screening, as the manager for a

regional chain pointed out. "Are they available? Can they work the schedule? Can you

work Saturdays from 3 to closing. If you say yes, that takes care of a lot of things from

the managers' point of view."

The situation in manufacturing was not all that different. Referral networks certainly gave applicants with connections a foot in the door; the manufacturers were particularly likely to value the information provided by incumbent workers, leading them to dispense with more formal checks, and in some cases, with any other effort at screening. While relatively few manufacturers made do without an interview, their efforts generally took a rudimentary form, with screening procedures informal, relying on a manager's or owner's intuition, and varying from one situation to the next. Smaller manufacturers rarely maintained a specialized personnel function, decentralizing hiring decisions, often to a supervisor, who was himself likely to have come up from the ranks. Beyond the interviews, some firms also engaged in an informal, skills-related assessment, but Performance-related assessments of a more formal sort were relatively infrequent.

Even the smallest firms were unlikely to be equally lax when hiring for more skilled jobs, small size, traditional organizational forms, and industry subcultures notwithstanding. But, as long as "you can tell in a day if they are going to be any good" -- a statement that seemed to hold true for the many bottom-level production jobs "where if you don't cut it in a week, you're gone" -- the nature of work at the entry-level rarely demanded a more intensive effort at selection.

Screening procedures were likely to be more elaborate in the hotels, with efforts at assessing an applicant's potential more extensive the larger and more high-priced the hotel. As sizeable units of very large, often international chains, hotels typically maintained a human resource office, with the presence of a personnel function yielding considerable standardization in screening efforts. To be sure, referral networks played an important

role in recruitment, but then personnel took over. Though the jobs were unskilled, they offered ample opportunity for theft, and, as in the case of housekeepers, involved work of considerable autonomy; consequently, hotel managers consistently checked references, even though that procedure yielded little information as personnel officials unhappily acknowledged. "We try to get as much information, as we can," complained one HR director, "but people increasingly just give out data, position held, length of employment. This is often hard to get over the phone." Consequently, the interview also served as a crucial selection tool, though one that hotel managers wielded with more care than their counterparts in restaurants or manufacturing. Frequently, hotel HR managers used "a behavioral interviewing process, giving specific examples of when they did this or that. 'Describe the time you got upset at coworker, what did you do?'" Procedures designed to more directly assess how an applicant is likely to interact with others were also common techniques. In most cases, personnel screened applicants, making an initial recommendation to a functional manager, who also interviewed and picked a candidate.

Hotels thus followed a standardized and formalized procedure for screening applicants, though as the chief tool involved a face-to-face interview, the method inevitably contained a certain informal element. By contrast, the department stores and larger hospitals, in particular those in the public sector, relied on screening procedures of an even more formalized sort, making extensive reliance on testing, as well as the usual background checks and interviews. Of course, any interpersonal situation, such as the interview, always involved considerable informality, in which decision-making usually occurred by rule-of-thumb. But if the interview and the selection criteria took a non-

standardized format, the department stores interviewed consistently, systematically, and at great length – in contrast, to restaurants and the manufacturers. Moreover, screening typically involved multiple steps, which in turn reduced the advantages enjoyed by members of a referral network. Typically, successful hires first underwent a review by a lower-level personnel officer, next an interview with the HR manager, then an interview with the relevant department manager, and, in some cases, final interviews with the big bosses themselves. And along the road, most applicants were forced to submit to a variety of tests, designed not so much to assess skills as to forecast behavior in jobs, such as selling, which involved considerable autonomy and unpredictable interactions with customers:

> R1: I take the application and review it, and if they meet the requirements I'm looking for I go and call SPA [Store Protection Agency]
> R2: We "SPA the app." The T chain loves paperwork!
> I: You do this before the interview?
> R1: Right, if they don't even pass the SPA, I'm not going to waste my time interviewing them. Second, we call them in for their first interview, usually with the personnel manager. Then if I feel that they're qualified for a specific job, then I would direct them to a second interview with the supervisor of that area. During the interview, I give them our T-store Screening Inventory. I call it like an "honesty test."

Thus, for reasons having to do with organizational features and the characteristics of the jobs, screening among department stores took a highly elaborated form, making bureaucracy rather than network the critical factor whereby workers were matched with jobs. Hospitals presented a similar, though distinctive pattern. Procedures were likely to be standardized, with a preference for form-filling, interviewing, background checks, and interviews with personnel as well as line officials. Notwithstanding the size and complexity of the institutions, however, informality often ruled when it came to the

criteria used to select bottom-most help. "If it's an entry-level person," explained a manager for one of the region's major non-profit HMO's, "more often than not, the manager or the supervisor that's interviewing those people, he's going to, you know get a fairly good gut feeling for that individual," and do no more. Tests were also not a commonplace for such entry level jobs as janitor or dietary aid, though more prevalent when used to pick clerical help.

But as the only one of our six industries with a sizable public sector component, hospitals offer a particularly good example of formalized selection procedures, and their effects on hiring outcomes. Because the civil service framework gives individual institutions limited flexibility in their hiring, it severely curtails the influence of ethnic networks. In some cases, managers lose all autonomy altogether, as in the case of a veterans' hospital, where the Office of Personnel Management "took away direct hiring, because people started looking to work for the Feds. We weren't using OPM's people. None of us were." Even when hiring doesn't follow the exam route, other restrictions, such as an imperative to hire veterans wherever possible, constrain managers' decision-making.

More importantly, perhaps, the civil service framework keeps job requirements high, in part, because the high volume of the applicant flow yields no pressure to lower demands.

> Resp. 1: Here, we did an exam for clerk, was a temporary clerk, but it had no experience required.
> I: And no typing?
> Resp. 1: And no typing. And we got 800 applications in two days.

Whereas these managers in a local public hospital system were satisfied that, since the exam had been officially validated , and tested fairly for the competencies required by the job, other respondents were not quite so sure. A respondent at a hospital in the same system told us that "The clerk is a high rate of fail. Probably the highest," and also noted that "people would get so bogged down with the math, they couldn't get to the end of the [clerical] test." Asked whether "many of the jobs use math," another county official told us that:

> R: No, very little. Very, very little. But that's in the test and we can't change it. That's a county wide exam. And it's we've even asked to have the math taken out because we have some people that are really good clerically skilled wise, but they don't, they just didn't grasp math.

Of course, all these characteristics mean that civil service requirements and procedures makes government an effective institutional barrier to competition from most immigrants. Rules are rules, and they generally work well in excluding newcomers who lack the credentials, experience, or even English-language facility that public sector hospitals seek:

> The only requirement is they pass both the tests and then they're put on the eligibility list. So we have some people who have made out the application, passed the test, passed the typing test, we send them to interview, and they're absolutely, we don't know, we can't figure how they passed the test. They can't even talk. I mean they, it's kind of like, especially Asians, we don't know how they passed the test. Because it's kind of like they can't speak English. You ask them a question and they don't know what the hell you're talking about. Yet they pass the exam, they can read. Because the exam is held under very strict, we have proctors there to make sure that nobody takes the test for somebody else. And we have to have their driver's license there. I mean it's a very extensive closed exam. And we sit in on interviews and we get people and they say "how did that person pass the test?" Because they can't put two sentences together. So they don't ever get hired, ultimately hired.

But note: the same procedures that keep immigrants of bottom-level public sector jobs affect less-skilled African-Americans in just the same way.

Legitimacy: Despite its many virtues, network hiring is a practice that not every employer has not yet rushed to embrace. As noted, network hiring reproduces the characteristics of the existing labor force, yielding "the 'like me' syndrome," as the manager of a fast-food chain pointed out. Not all employers sought to pursue this goal. "With referrals you get very homogeneous groups," noted the owner of South Bay furniture factory. "There a problem with only one group." One problem was of particular concern to some employers – the fact that referral networks "tend to have biases and traits and you are forced in that direction." One factory owner explained that:

> R: If you are not careful you end up with all Hispanics. And I am a little bit nervous that I have too many Hispanics and not enough blacks.
>
> I: Nervous in what sense?
>
> R: Are you familiar with affirmative action terminology? We will end up with a concentration of Hispanics and a underutilization of blacks. And I think in areas I have that. I don't have any government contracts, I am not an affirmative action employer, but it is something that I am sensitive about.

The anxiety quotient was not high enough to drastically change practices in this one factory -- though the employer was at pains to insure that the Hispanic clerical workers did not control the flow of new hires. Other employers did much more. While conceding that referrals were more likely to be "good workers, they're usually just I mean real reliable, dependable," hospital managers knew that dependence on referrals would inevitably, and undesirably, give their workforce a distinctive cast:

R: Sometimes it gets too tight like the old Boeing network ... and we have to remember to remain diverse. So that's one problem because a lot of times if you're just referring certain ethnic groups or something like that.

I: But so you take steps to deter that from happening?

R: Right, right.

I: What kind of, so that would just be not taking anymore referrals?

R: Or no not necessarily but if some, if you just start getting a lot of referrals then your Affirmative Action goal is something else you just have to do outside recruiting. You can't take those referrals.

Hospital managers were also conscious that reliance on referrals could change the balance of power, often in ways that don't suit management's interests:

I really, I try to keep a pretty broad spectrum of ethnic groups in the kitchen so we don't get too many cliques. It would be real easy to have an all Filipino kitchen....

Both the department stores and the hospitals were at particular pains to avoid the pattern of single group dominance found at the back of the house in kitchens or hotels and on furniture factory floors. Both industries sought to serve a diverse clientele, and that imperative pushed them toward outreach while also breeding an aversion to reliance on hiring through workers' contacts. "Diversity is in both our customers and our work force, and we want to bring it in to our workforce," explained a department store manager. A unit of one the region's most important HMO saw diversity "as a reality based on, from the personnel standpoint, on our applicant pool; from a business standpoint, from our membership. You want to have a workforce that's representative and can respond to the needs of our members." A department store manager told us that clientele and employees "parallel each other steadily. You need to truly understand that you have a melting pot in your workforce and you have to look at your workforce and clientele objectively as a marketing group." And for these reasons, employees should:

reflect the cultural diversity of your clientele. If I could hire 10 percent black, 10 percent Filipino, 8 percent white, 7 percent hispanic, and really get it in line with

what's really going on, as far as how people live in this area…what more could you ask for?

While the clientele can vary – yielding, in one case, a workforce that is "white, because it matches the demographics of the area" -- that same consideration of seeking "to match our store to the people who come to the store" motivates managers to "try hard to have Spanish speaking people, and the middle Eastern language group (Persians, Iranians, Afghans, Armenian)."

But one should not think that hospitals or department stores had been bitten by the multicultural bug; rather they, were simply listening to the marketplace, which told them that sensitivity to ethnic matters counted, and then responding in appropriate ways. Customers "don't just notice the merchandise," explained a manager at an old-line department store, "they look at the people who are working there." That consideration made diversity desirable: "When you are out hiring folks…make sure, to consciously make sure that we have a wide variety of people working at the store, so many Blacks, so many Hispanics, and that seems to help business a lot." Not only do customers pay attention to the composition of the people trying to service their needs; they are willing to mouth off when not happy about the faces they see. A top of the line department store in the South Bay received "letters from African American customers asking where are the African American employees?"; the firm is "now training to focus on an African American base." Noting that "the biggest challenge I have is getting the right candidate into the store," a manager appeared to be telling us that economists have always been right in thinking that customers have a "taste" for discrimination:

> I have customers in Huntington Beach who do not want someone who is Korean and Vietnamese waiting on them…conversely I have a customer in West Covina

who is East Asian or Hispanic and sometimes they are extremely uncomfortable in being waited on by someone who is Caucasian."

Considerations such as these not only led stores to recruit among a diverse pool, but also engage in monitoring practices that would ensure adequate representation of the different components of the customer base. "I like to have a balanced work force," explained a department store manager. "It's always on our mind. We get monthly printouts on hiring and diversity, so we know if we're short."

> On our applications, we ask for ethnic background if they want to fill it out. We keep a tally of this, and this goes into our composition as who we should hire, our goal of what we should have hired into our store. So for instance, it is in a sense, our clientele is an older clientele, because Westchester is an older community and it is more white. In the evening sometimes it is more Hispanic or Black we're pulling from a very diverse area....If our customer base is about 30% white, 30% black, 30% Hispanic, and percentage of other, we try to mirror our workforce to that same degree. There really isn't, we don't discriminate against any type of ethnic background, but that's how we try to follow our clientele base as close as we can get it.

Thus the search for a workforce that mirrors the customer base necessarily leads employers away from a reliance on network hiring. Dependence on referrals yields a homogeneity that is doubly unwanted, as it reduces organizations' ability to deal effectively with their diverse clientele, and makes the clientele suspect that the organization treats some groups of workers and customers differently from others. But the need to achieve balance can still have exclusionary consequences in a context where one group's numbers are at best holding steady while another's are swelling. Such is the case in hospitals, where the need to service a growing non-English speaking population — "we have a lot of Spanish speaking members that come in, and we call for translation a lot" —swells demand for a skill likely to be unevenly shared among the region's

demographic groups. "We desperately need Bilingual people," reported a manager in a

facility with a very large black workforce. Many hospitals viewed bilingualism as a plus.

> Many of the positions that we have is (sic) bilingual. So I will look at, "do they speak Spanish?" Yep, well then they go into another stack. Not that I discriminate based on bilingual, but it's something that is a skill that is used here, required of many jobs.

While demands to service non-English speakers will only grow, so too will the

availability of bilingual speakers. Moreover, the children of immigrants with the baseline

skills needed to work as dietary aids or housekeepers are entering the labor market in

growing numbers, and to the extent that they have some facility in two languages, they

will increasingly have an advantage over native-born blacks. The need for bilingual

speakers is also particularly acute in precisely that sector where blacks are more over-

represented — namely, the public hospitals — since these are the facilities most heavily

used by Latino immigrants.

Conclusion

The social connections among immigrants get good play in the sociological

literature, no doubt, in part, due to the analytic power that the concept of immigrant social

network packs. The networks can be accurately characterized as structures "with history

and continuity that give [them] an independent effect on the function of economic

systems," just as Coleman has maintained (Coleman, 1988, p. S97). But there is probably

an affinity between the sociologists' professional biases and the virtues they detect in the

networks they seek to describe. After all, the dominant picture is one in which

embeddedness in ethnic networks and communities leads to cooperative, if not conformist,

behavior among ethnic economic actors. While *homo societas* may be preferable to *homo*

economicus, an undue emphasis on cooperation, conformity, and solidarity, is a source of analytical weakness, as sociology as learned in the past.

Moreover, the now conventional wisdom about immigrants' social capital fails to unravel the most puzzling aspect of the immigrant employment scene: it is one thing to observe, with Powell and Smith-Doerr, that "even the disadvantaged can turn to networks to provide access to opportunities not available on the open market,", another to explain why those networks should so consistently expand their reach. After all, the network structures are "wrong", in that weak, not strong, ties are the key to gaining access to new sources of employment; and the network associates are of the "wrong" type as well, since their (low) socio-economic characteristics make them unlikely to form those weak ties to others in positions of influence, that the network literature tells us is a must. But immigrants are rich in strong ties, and good thing too, since jobs and job information are too scarce to be distributed to whom one is weakly connected. Further, employers turn to immigrant networks not simply for reasons of mimesis or filtering (Dimaggio and Powell, 1983), but because the social closure potential of immigrants' networks generates additional predictive value. Thus, the repeated action of network hiring leads to the cumulation of informal immigrant resources; over time immigrant workers gain the potential for the exercise of power, as network associates can mobilize their connections in ways inimical to the interests of outsiders.

Clearly, exclusionary closure is not a property of immigrant networks alone; the same processes of social reproduction evident in immigrant dominated industries recur in those segments of the economy – such as the public sector – where African-Americans are

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over-represented. But as immigrant densities in the low-skilled sector grow, so too do the obstacles to those African-American workers. As I've shown in this paper, the implantation of immigrant networks tends to detach vacancies for the open market, for reasons having to do with efficiency, as well as the social closure potential of immigrant networks. To be sure, some black workers nonetheless find a way in. But the environment in industries like hotels, restaurants, or furniture manufacturing is not good: tension between African-American and Latinos runs rife, as I've reported elsewhere (Waldinger, 1997a). And that spells trouble for blacks, who find themselves not just a sociological, but a quantitative, often very small minority, needing to get along in a workplace where Spanish, *not* English is often the *lingua franca* (Waldinger 1997b), and depending on others to learn skills and get jobs done.

Bureaucracy has a different effect, opening doors that networks close. From the standpoint of the immigrants, and of those who study them, networks generate social capital for newcomers poor in all other resources, and, for that reason, attracting applause. But the repeated action of network hiring favors those with ties to insiders – an outcome that those lacking the same connections are likely to view as unfair. One is hard put to quarrel with that judgment; those organizations serving diverse clienteles are in no position to do so, as the customer base will not tolerate a workforce dominated by only one group.

Of course, selecting a mixed group is easier when the hiring process has undergone some degree of formalization. As I've shown, concerted efforts at selection are related to organizational size and complexity, with the larger organizations more likely to have

established formalized selection procedures. While size has an effect regardless of industry, in my sample, size and other organizational characteristics correlate strongly with industry; hence, screening efforts are more extensive and more formalized in hotels, hospitals, and department stores than in printing, furniture manufacturing, or restaurants. The nature of the job matters as well: regardless of size, organizations take more care in filling jobs entailing autonomy and some level of unpredictability, than those where supervision is direct and tasks invariant. While consideration of job characteristics leads organizations to respond in ways that reflect efficiency concerns, formal screening procedures have the unintended effect of yielding more equitable outcomes.

But not always. If fairness implies workforce representativeness, then bureaucratic means of selection signal future difficulties for blacks, as African-Americans comprise a relatively small portion of the L.A.'s population, and are over-represented in a number of sectors servicing a heavily immigrant clientele. Moreover, few organizations function as Weber suggests that they should. Selection almost always involves a personal element; those personal interventions allow considerable scope for discretion, and thereby, for the intrusion of bias – which, in the current climate, is unlikely to favor African-Americans.

One suspects that even the more impersonal means of selection will not do much to assist those low-skilled African-Americans displaced by the workings of immigrant networks. Any effort to check for a criminal record – a screening activity common to almost all of the department stores we surveyed – will have the greatest negative impact on the members of the group with the highest rate of arrests. In Los Angeles, less-skilled

African-Americans comprise the group most vulnerable to such checks and far more so than their foreign-born Latino counterparts.[4]

Moreover, bureaucratic means of selection tend to artificially raise hiring criteria, just as Weber noted. Selection is most impersonal in the civil service – a factor making public employment less permeable to immigrants, but also to less skilled African-Americans. Moreover, the ramifications of both the civil service system and its requirements redound with much greater force among blacks, given the degree to which the public sector has long been the most favorable source of African-American employment. Referrals, as noted, work less well in accessing public sector jobs, making the build-up of African American employment in such government workplaces as hospitals less efficient as a source of useful information and assistance to job-seekers. Since the high job requirements exclude the least skilled members of LA's African-American community, they also hurt the chances of those persons most exposed to immigrant competition elsewhere in the market. And the attractiveness of public sector jobs yields an additional source of competition — in this case, not from immigrants but from a broader pool of better-skilled natives who seek the security and compensation available when working on the public's payroll.

In the end, network and bureaucracy can both be characterized as systems of social exclusion. Each operates according to its own principle. Those differences notwithstanding, the victims of exclusion are most likely to be black.

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[4] For example, the Los Angeles Survey of Urban Inequality found that 37 percent of African-American men with a high school education or less reported some experience in reform school, a detention center, jail, or prison, as opposed to 10 percent of their foreign-born Latino counterparts. (Johnson et al, 1991)

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