

# LABOR MOBILITY, SOCIAL NETWORKS AND ECONOMIC GROWTH IN CITIES



**A TALK BY**

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**ABSTRACT** | Urban economists argue that the reason why global population concentrates in metropolitan areas is that firms and individuals benefit from sharing infrastructure, efficient matching in large markets and learning from co-located peers in cities. While communication and social networks are fundamental for the above processes, surprisingly little is known about inter-firm learning through social ties in urban environments. Yet, our understanding how collaborative social networks influence urban success is rather limited. Instead, labor mobility has been emphasized as a major source of knowledge transfer between firms and claimed to be fundamental for the emergence of successful agglomerations like the Detroit automotive industry or more recently, Silicon Valley.

In this talk, I use empirical evidence to demonstrate that – besides being an act of direct knowledge transfer – labor mobility creates new social ties, which channels further learning and thus leads to economic progress. First, I show that labor mobility provides firm-level benefits if it transfers new but technologically related skills defined by the product space. In the next step, I demonstrate that cohesive collaboration networks are needed in the firm to exploit the new knowledge brought to the firm. Then, I navigate from firm level to the spatial level and argue that labor mobility in itself does not contribute to urban success; it only does so by creating social ties between firms.

**BIO** | Balázs Lengyel is a Research Fellow at the Institute of Economics of the Hungarian Academy of Sciences, where he leads the Agglomeration and Social Networks Lendület Research Group. Working mainly on topics at the intersection of economic geography, innovation studies, and network science, he aims to understand how firms learn from each other and how cities and regions benefit from inter-firm communication and collaboration. In one of his recent projects that he worked on at the MIT Human Mobility and Networks Lab, he looks at the spatial diffusion and churn of innovative technologies over their entire life-cycles. Balázs completed his PhD in Economics at Budapest University of Technology and Economics and holds a master degree from the University of Szeged.